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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

London, Tuesday, June 16, 1998

The Party Turns Ugly in Marseille

Violence Breaks Out Between Fans From England and Tunisia

By Christopher Clarey
International Herald Tribune

MARSEILLE - For the second consecutive day, tear gas drifted through the streets of this port city. The World Cup that Marseille hoped lo celebrate with parades, concerts and bicycle races on the beach has not gone according to plan.

French riot police had to interveoe again on Monday to stop fighting between fans of England's and

German-U.S. match, Page 21.

Tunisia's soccer teams. As of 9 P.M., 16 more people had been arrested and 22 treated at local bospitals, according to a spokesman for the regional prefecture. On Sunday night, 35 people were hospitalized, including one Englishman with a serious knife wound, and 50 arrested — 30 English, 14 French and 6 Tunisian — as violence and vandalism swept through

the city.
"Until last night, this was a party, but it's not a party anymore," Jean-Noel Ruiz, a 17-year-old from



A British fan being arrested during World Cup violence in Marseille.

The regional prefect, Jean-Paul Proust, responded by prohibiting bar and restaurant owners in Marseille from selling alcohol after 4:30 P.M. to people who wished to take it away from the premises. He also ordered bars in the city center to close by 11 P.M., although many establishments elected not to open at all on Monday night after the violence continued dur-

The first incident occurred outside the gates of the Stade Velodrome at about 12:30 P.M., two hours before the start of the England-Tunisia match in Group G. As fans emerged from the metro and made their way toward the stadium, groups of Tunisia and England fans began burling bottles and cans at each other and exchanging blows.

See SOCCER, Page 20

Tumbling Yen Sparks Fears Of Devaluations Across Asia

Markets Fall Around the World

By Keith Richburg Masiungton Post Service

HONG KONG-The crumbling yen sent Asian stocks and currencies plummeting Monday, with Hong Kong's blue-chip Hang Seng index leading the plunge amid fears that this recession-hit region may be heading for a new wave of copycat devaluations — and that China may eventually be forced to devalue its currency in a bid to remain

The Asian market tumble prompted a sell-off in the United States, where the

Rush to convert yen. Page 13.

Dow Jones industrial average closed sharply lower, and in Europe, where

most major markets lost more than 1 Hong Kong share prices were further battered by rising interest rates, news that local unemployment had hit a 15-year

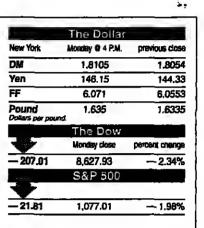
bigh, and renewed concern that the Hong Kong dollar's link to the U.S. dollar may come under renewed pressure. The Hang Seng closed down 5.72 percent Monday, ending at 7,462.50 points. Hong Kong's market is now down 50.4 percent from where h stood at the start of the Asian meltdown last July.

"This is a big fall," said James Os-born, bead of sales for Barings Secu-rities Ltd. in Hong Kong. "The only two things that are record highs this year are ucemployment and rainfall.

The Hong Kong government an-nounced that unemployment for the last three months reached 4.2 percent, the highest for the territory in a decade and a half, confirming fears that the territory is now in a full-blown recession.

Stock and currency markets were battered from Japan and South Korea in the north to Thailand, Malaysia and Singapore in the South. With the yen closing at 144.95 in Tokyo, the key Nikkei average fell 1.3 percent, 10 14,825, closing below 15,000 for the first time since January. Shares in Thailand closed down 5.7 percent, Malaysia was down 4.3 percent, South Korean shares were 4.8 percent lower, Singapore share prices dropped 3.5 percent, and the Philippines fell 4.5 percent.

See ASIA, Page 16



With a Bow To Shintoism, Ford Gently Leads Mazda

By Sandra Sugawara Washington Post Service

HIROSHIMA - Managing in the global economy requires a certain flexibility. And so it was that James Miller, an American from Ford Motor Co., sat solemnly in the biting cold alongside Mazda Motor Corp. executives at a Shinto shrine on the sacred island of Miyajima

near bere.
Mr. Miller bowed twice, clapped twice and then bowed again. Then, as a Shinto priest silently looked oo, Mr. Miller and the others made their New Year's vow to the gods—to make Mazda globally cometitive — and asked the gods blessing.

Not exactly bow they do it in Detroit. But Mr. Miller and his Ford colleagues bave been willing to do whatever it takes to bolster Mazda's profitability. That can-do American ethic is making them surprisingly popular here — in a business culture that just a decade ago thought it had little to learn from the United States. Mncb as the Japanese taught American auto companies about manufacturing. the Americans are now teaching their Japanese counterparts about management.

See MAZDA, Page 16

NATO Planes Warn Serbs To Halt Kosovo Assault

By Christine Spolar

KUKES, Albania - NATO countries embarked on a five-hour military ex-hibition along the border of Yugoslavia on Monday aimed at ending Serbian military action in the province of Kosovo.

A total of 83 aircraft from 15 bases across Europe were launched on Monday morning in what clearly was a show of political will and potential military force to stop yet another bout of ethnic cleansing in the Balkan region. For two months, President Slobodan

Milosevic of Yugoslavia has levied the most extensive military assault in the region — casting Serbian military against ethnic Albanian separatists since the end of the Bosnian war in 1995. In the last two weeks, thousands of ethnic Albanians, who account for nine of every 10 people in Kosovo, have fled their bomes and poured into its closest neighbor, Albania. More than 300 people have been killed.

Western powers last week approved

the air exercise as a warning to Mr. Milosevic and promised that harsber measures could follow.

[Mr. Milosevic arrived in Moscow on Monday evening and is due to hold talks with President Boris Yeltsin oo Tuesday to try to find ways of diffusing the crisis in Kosovo, Renters reported from Moscow. Earlier Monday, Russia, which traditionally has good ties with the Serbs, accused NATO of misleading it over alliance air exercises. Page 4.]

According to NATO beadquarters in Brussels, 28 aircraft left Aviano Air Base in Italy by 7 A.M., heading first to Macedonia and then to Albania, Jets flew across the countries in figure-eight maneuvers and then edged close to the borders, NATO spokesmen said late Monday.

The unusual air show ended at noon. No other flights are planned as yet, the spokesmen said.

The point, as one NATO official said. is "not for the people of that region to see, but for others, across the border, to take

See KOSOVO, Page 4



A U.S. attack jet landing on a ship in the Adriatic on Monday during NATO's show of force in the Balkans.

Era Ends: Goldman, Sachs to Go Public

By Mitchell Martin International Herald Tribune

NEW YORK - An era ended on Wall Street on Monday when Goldman, Sachs & Co. announced it was planning to become a corporation and sell shares to the public, giving up a partnership structure that was widely seen as in-hibiting the expansion of the international securities firm.

Beginning today, a four-page sup-plement of Italian news in English

will be included with all copies the

International Herald Tribune distrib-

Daily, is a joint venture of the IHT and

the Italian publishing group Rizzoli-Corriere della Sera Editori. It will be

printed with the IHT in Bologna for

early distribution and will contain

political and economic news of Italy,

plus commentary, TV and cultural listings and lifestyle features.

The supplement is the third such

The daily supplement, called Italy

ntes in Italy.

With "more than a tonch of sadness," Goldman's co-chairmen, Jon Corzine and Henry Paulson Jr., said in a joint statement that the partners were "determined to match the firm's capital structure to its mission of being the preemineot, independent investment bank in the world." The company plans 10 sell 10 percent to 15 percent of itself on the stock market this autumn.

Mr. Corzine and Mr. Paulson added

current structure **Note to Readers: IHT Begins Printing** The New York Times quoted sources A Joint-Venture Supplement in Italy

> local-section joint venture by the IHT, which launched similar supplements in Israel with Ha aretz in September 1997 and with Kathimerini in Greece in March.

Italy Daily's editor is Claudio Gatti. The managing editor is Gabriel Kahn. the 190 partners "to share ownership benefits and responsibilities more broadly among all of the firm's em-

What they did not say was that the existing partners would reap a bonanza of about \$110 million each by owning stock instead of their partnership interests. That number is based on an expected stock-market value of about \$30 billion, compared with the \$6.3 billion of capital the firm has under its

as calculating that the partners would get \$20 billion to \$22 billion, while 6,000 nonpartner executives would split \$6 billion to \$8 billion, and the remainder would be reserved for the firm's outside investors and limited partners. Currently, Sumitomo Bank Capital Markets and the Hawaiian landowner Kamehameha Schools/Bernice Pauahi Bisbop Estate own about 20 percent of Goldman

But analysts said the decision was based on expansion concerns, not a desire to turn a quick profit on a public sale. "The issue is bow do we make Goldman, Sachs a bigger company, how

See GOLDMAN, Page 10



VICTORY CIGAR — Michael Jordan relaxing after his jump shot beat the Utah Jazz and gave the NBA title to the Chicago Bulls. Page 19.

AGENDA

Nigeria Releases **Key Political Foes**

LAGOS (Reuters) - The new military ruler of Nigeria. Abdulsalam Abubakar, on Monday ordered the release of nine of the country's bestknown political prisoners, including former President Olusegun Obasanjo.
General Obasanjo, 61, was serving a 15-year prison sentence for his part in an alleged 1995 plot to overthrow President Sani Abacha, who died June 8.

Nigeria's most prominent detainee Moshood Abiola, presumed 1993 election winner, was not on the list. Among others released were the journalist Chris Anyanwu and the activist Beko Ransome-Kun, sentenced over the same alleged coup as General Obasanjo. Two oil workers' union leaders. Milton Dabibi and Frank Kokori, also were freed.

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Ahead of Clinton's Visit, China Recollects Wartime Ties With U.S.

By John Pomfret Washington Post Service

XINXIANG, China - Wang Wengong pointed a crooked finger skyward and traced the swooping descent of a small plane. "It came this way," he said, squinting over lush fields of spring wheat. He was remembering April 22, 1945, when the plane came to rescue an American pilot whom villagers had been hiding from occupying Japanese troops

for more than a month. After decades of ignoring the ties that led to the defeat of Japan, the Chinese government has the train station to the west," Mr. Wang said.

switched gears and launched an officially backed initiative to remind Americans — and Chinese — of the depth and history of the U.S.-China relationship. The rescue of Colonel Gabriel Disosway, as recalled by Mr. Wang, is one of many such stories to emerge as President Bill Clinton prepares to go to China for a summit meeting this

Mr. Wang reconnted the incident with the en-thusiasm of the 14-year-old boy he was at the time, peeking out at history from behind a hole in a mud-walled courtyard. "Other planes were attacking "There were bombs going off. The sky was black. Then it landed there, near those trees, on land that

belonged to my father."

city in central China.

The plane belonged to the 14th Air Force of the U.S. Army in China, part of U.S. efforts to fight the Japanese. Its mission was to save Colonel Disosway, an American pilot who had been shot down in his P-51 Mustang fighter by Japanese during an American air raid oo an ammunition train near this

Colonel Disosway had been sheltered for weeks by Chinese peasants in the area. Within minutes, be was airborne and beading for safety behind Amer-

ican lines in Xian, 300 miles (480 kilometers) away.

The motivation for this officially inspired recollection - in the form of TV serials and documeotaries, news reports, joint expeditions to search for the bones of dead American soldiers, memorials and monuments - appears to be twofold: to fight a rearguard action against conservative elements within the Communist Party that oppose closer ties with the United States, and to counter what many Chinese government officials fear is a

See CHINA, Page 10

In Brinkmanship's Wake, All Quiet on Kashmir Front

By John F. Burns New York Times Service

RI, India — In this idyllic spot in the Kashmir highlands, Indian troops hold ground overlooked on three sides by Pakistani troops, some well within artillery range. But at sunrise the other day, the only noticeable weapons around the headquarters of the Indian Army's 12th Infantry Brigade were the drivers, irons and putters in the hands of the senior officers.

"There's no way, absolutely no way, that there is going to be another war here," Colonel Narendra Singh Mehta, 48, said as he took breakfast beside an army golf course that nestles above the Jhelum River. Three miles down-stream, the river crosses the Line of Confrontation, the term both sides use to describe the boundary separating the parts of Kashmir held by India and Pakistan.

In May, the stakes in the conflict rose immeasurably when first India and then Pakistan conducted ouclear tests and declared themselves

The tests raised worldwide alarm, with President Bill Clintoo and other leaders appealing to India and Pakistan to settle their differences over Kashmir to prevent the territory from becoming the flash point of a ouclear war.

In the last 50 years, India and Pakistan have fought three wars in the lush valleys that run through the Himalayas here.

Two of these, in 1947 and 1965, began over Kashmir, a third, in 1971, was an outgrowth of another conflict 1,000 miles to the east, the civil war in East Pakistan that drew in Indian troops and gave birth to Bangladesh.

After 26 years without another war, India and Pakistan still have hundreds of thousands of troops arrayed against each other along the 550mile confrootation line, and exchanges of gunfire are as common as the rainstorms that sweep the mountains at this time of year. Few weeks pass without casualties on both sides, mostly among civilians.

But on the Indian side, at least, few seem worried about another war, much less one that would go ooclear.

'There may be some local exchanges of fire, the sort of thing that's been happening here for years, but nuclear weapons have made full-scale war unthinkable," Colonel Mehta said, to nods from fellow officers who joined him in their

regular golf foursome.

At bases here that are only 65 miles from Islamabad, Pakistan's capital, Indian officers have traditionally been upbeat, especially after getting the better of Pakistan in the three wars.

ut just as striking as is the mood at the golf course, many Kashmiri Muslims also say the situation in the Indianruled part of the territory, after a decade of insurgency by Pakistan-backed rebels, is as

relaxed as it has been in years.

All around the Kashmir Valley, the heartland of the insurgency, there are signs that Kashmir is looking much more like the fabled land it was for centuries — a place noted for its adherence to the gentle Sufi form of Islam, the romanticism of its writers and poets and its fine craftsmanship in lacquerware, woven shawls and carpets.
This year, Indian tourists have returned for the

first time in years, filling graceful houseboats on Dal Lake in Srinagar, the summer capital of the



Nomads in Srinagar, India, relaxing in a family gathering. As tensions ease within divided Kashmir, more nomads are returning with their herds to mountain pastures.

Indian state of Jammo and Kashmir.

Four months ago, India's winter games were held near here, reopening resort hotels closed since 1989, when the Muslim insurgency in-

Hindu pilgrims are returning to ancient shrines. Carpet workshops are busy again.
In the lush orchards and rice paddies along the valley, whole families are working from dawn to dusk in areas once made hazardous by cross-

Abdul Rahim Bhatt, a 45-year-old farmer, was sitting with his family in a rice paddy near Srinagar sipping tea. "By the grace of Allah, life is nearly normal

In a week touring the valley, dozens of Kash-

miris offered similar views. The impression was of a territory less troubled about its prospects

than the outside world was. Immediately after India conducted its ouclear tests in May, Indian leaders appeared to set out to raise temperatures over Kashmir, saying that India's acquisition of ouclear weapons had tilted the balance of power in India's favor. This alarmed Pakistan, and helped tip the balance in Pakistan toward testing its own nuclear weapons.

After its tests, the Pakistani government took its turn at heightening tensions. But both sides now seem to be turning away from confroo-

Indian military commanders leave little doubt that they welcome the turn toward moderation, not least because they believe they are well on the way to achieving India's main goal in Kashmir: eliminating the Muslim

> Instead of 5,000 to 7,500 Muslim insurgents — estimates used in the mid-1990s — Indian commanders say there may be fewer than half as many now. And there are probably fewer than 1,000 "active gun-toting militants," in the words of Lientenant General Krishan Pal, India's commander in the Kashmir

> Valley.
>
> "The situation is moch better, and improving fast," General Pal said.
> As for the threat of ouclear war, In-

dia's view seems to be that the risk will affect Kashmir in much the way that the American and Soviet nuclear arsenals affected postwar Europe — by freezing the territorial division, since neither India nor Pakistan can rationally contemplate trying to seize territory from the

This could explain why Lal Krishna Advani, India's hard-line interior minister, greeted Pakistan's ooclear tests by saying they were good for India "from every point of view."

The central government's top official in Kashmir, Girish Chandra Saxena, wbo is governor of Jammn and Kashmir, seemed to take this view when he said in an interview that oeither India nor Pakistan would risk a full-scale war.

"No oation embarks oo a course of ooclear suicide, and I doo't think there are any ouclear suicide bombers even in Pakistan," he said. "So the real answer is for both sides to cool it, achieve what is achievable on other issues and leave aside the intractable issues like Kash-

U.S. Is Poised & Break To Lift D To Lift Ban on: Wheat Sale to Subcontinent

By Katharine Q. Seelye New York Times Service

WASHINGTON - Under pressure" from farmers, the government is poised to re-allow the sale of wheat to India and Pakistan despite economic sanctions by the United States against those countries for their recent nuclear tests.

Allowing wheat sales would seem to undermine Washington's moral outrage. against India and Pakistan, but a movement to skirt the sanctions on wheat has" canght on in Congress, and President-Bill Clinton encouraged the movement last week as he songht greater flexibility's in exercising sanctions around the

"We have long believed that food" should not be used as a weapon to influence other nations," Mr. Clinton said in a statement.

Although many in Congress have de-nounced the nuclear explosions, they are also sensitive to their important farm": constituents as the November elections approach. The congressional action in each house was introduced last week by lawmakers from wheat-rich Washington state: Senator Patty Murray, a Democrat, and Representative George Nethercutt Jr., a Republican, both of whom are up for re-election.

The state sends 37 percent of its wheat to Pakistan, which pays Washington farmers about \$500 million a

Ms. Murray and Mr. Nethercutt in-troduced bills to pass a waiver that would allow wheat — actually, wheat credits guaranteed by the government and extended to farmers - to bypass the sanctions, which are automatically interposed on a country if it tests a ouclear."

The Arms Export Control Act of 1994 cuts off trade credits, private bank."! loans, loans from international institutions, and loan guarantees to Amera ican companies doing business in the" country in question.

But increasingly, politicians and for-eign-policy analysts are questioning the value of unilateral sanctions because-they can conflict with other national

The sanctions imposed last month on India and Pakistan, for example, came at a time when 11 percent of the world. wheat market was already off-limits to American farmers because of sanctions. There are 57 sanctions in place against more than 30 countries.

Wheat prices have plunged to a seven-year low because of excess supply, in. part because of improved per-acre yield techniques but also because of reduced exports. This tension has injected a newurgency into the eternal questions of." what purpose sanctions serve and whom they hurt.
There are a lot of interests in any

one country, not just the one issue on which sanctions are based," said Sidney Weintranb, a political economist with the Center for Strategic and International Studies at Johns Hopkins University. "The administration is try-ing to take in the full range of interests, and not giving op markets is one of the

2 Armies Face to Face

Both Sides Stay Dug In for the Long Haul

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By John Kifner New York Times Service

HAKOTHI, Kashmir -For the flash point of a potential nuclear war, the fields in this Jhelum River valley present a tranquil scene. Water boffalo tug at crude plows

and shoots of rice are beginning to sprout from watery, mud-walled

But in the mountains, up the steep dirt switchbacks, is the "Line of Confrootation," an 880-kilometer (550-mile) chain of sandbagged trenches and concrete bunkers along which the Pakistani Army is dug in. Across the valley are Indian fortifications, almost identical.

It was here that the fighting ground to a halt the first time that India and Pakistan went to war over Kashmir. "This is very tough terrain," said Brigadier Haider Khan, pointing om his bunker to an Indian stroog point atop a cooe-shaped mountain. 'Good for the defense.'

The armies have been here for 50 years — "eyeball to eyeball," the Pakistanis like to say — and the soldiers oo both sides do oot seem to think anything will change soon.

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the Pakistanis in particular insist, will be a deterrent to war, oot a goad.

For Pakistan, the Subcontinent's nuclear arms race and the attendant hand-wringing by the great powers has brought an unexpected booo: Kashmir, a cause long-forgotten by the world and a cause most likely lost, has suddenly moved to the top of the international agenda.

princely states chose to affiliate with either Muslim Pakistan or predominantly Hindu India.

Kashmir's population was over-whelmingly Muslim but its maharajah was a Hindu, Hari Singh. While he dithered, Pathan tribesmen, encouraged by leaders in Pakistan, raided Kashmir. The maharajah appealed to India for help. An airlift brought in troops who have re-mained, much to the anger of

"Kashmir - that is the problem, that is the critical issue for Pakistan, said General Mirza Aslam Beg, a retired army chief of staff. "It is on that issue that we have fought three wars. We are in a perpetual state of confrontation there; our armies are

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The trouble dates to the departure Brigadier Haider Khan of Pakistan keeps watch on Indians in the hills. of the British in 1947, when the 600

face to face. This ooclear issue is a result of that conflict."

The mountains, valleys and lakes here in the Himalayas are among the most beautiful on earth. The region was beloved both by Mohammed Ali Jinnah, leader of the Muslim League and so-called father of Pakistan, and Jawaharlal Nebru, India's first prime

"T IS not always so quiet here. itants massacred more than a score of Hindus in a village in the Indian-controlled part of Kash-

A similar number of Muslims were killed in a raid on a village on the Pakistani side by what were widely

TRAVEL UPDATE

Radio City to Close for Restorations

NEW YORK - Radio City Music Hall, one of New York

City's more enduring the w-bush as icons, will be closed for at least six months next year for a \$30 million restoration, the most extensive in its 65-year history.

Radio City's operator, Cablevision Systems Corp., is con-

vinced that its power as a tourist destination and brand name has not been fully exploited. Radio City will become a production center for television specials. And Cablevision is

planning to expand the Radio City name to a cable channel, a record label and an FM radio station. The renovation is to take

Oslo Calls End to Air-Traffic Strike OSLO - The government on Monday ordered striking airtraffic controllers to return to work immediately, four days into a conflict that crity led at the stranded thousands of passenger and had at lines set for mass layoff.

Municipalities Minister Ragnhild Queseth Haarstad said she ordered binding arbitration because of the widespread disruption the nearly three-week strike had caused in Norway.

Air traffic was to resume immediately and was expected to

believed to be Indian commandos in civilian disguise.

Sporadically, one side or the other ill open fire with guns or even artillery, sometimes to deter or cover infiltrators. There was a long stretch of nearly constant shelling last year,
Brigadier Khan said.
Overall, he said, four people were
killed and 41 wounded last year in his

brigade's sector, while the division as a whole suffered 12 killed and 93

"Our response to such shooting," the officer said, "is we select that post and then we punish it. We hit it and we hit it. I am oot mincing any words. We hit it hard. "The Indian only understands one language retaliation."

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Middle East

WEATHER



Europe

Thara is a chance for a Sunny and warm in Beiling thunderstorm from London

to Peris Sunday, than a chance of a thundarsome aunshine and nice showar Tuasday. Waak
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Sunshine will dominate Japan and South Korea,
from Germany to Fintand producing widespreed rain,
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Herald Eribune THE WORLD'S DAILY NEWSPAPER

LONDON — London was thrown into clears Monday as a 48-hour strike on the British capital's underground train network knocked out half of the service. The strike on the "Tube," called by the Rail Maritime and Transport union, began Sunday evening and will run until late

Strike Disrupts London Subway

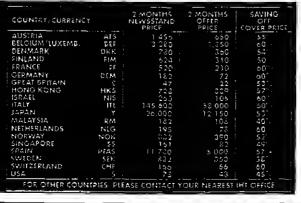
return to normal by Wednesday.

Tuesday afternoon. Australia announced oew air transport agreements

Monday that it said would double passenger services to Germany and give Singapore Airlines unrestricted air cargo access to Australia. Transport Minister Mark Vaile said the current 14 weekly services between Australia and Germany would increase to 28 flights and would be gradually increased to 50 a week by 2004. (AP)

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18 . Sept 1

Subcontinent By Katharine Q. Seelje

Did Starr Break the Law in Interview? Probably Not, Legal Experts Say, but His Judgment Is Dubious By David G. Savage Los Angeles Times Service

WASHINGTON - Did Kenneth Starr, the independent counsel, violate the law when he privately briefed reporters on his investigation of President Bill Clinton?

Probably not, according to former prosecutors and legal experts, since it is illegal only to "disclose matters occurring before the grand jury."

Nonetheless, they condemned Mr.

Starr's actions as unwise, unfair and imprudent. His explanation relies on a technicality, they said, and ignores the principle of privacy the law is intended

The whole purpose of the rule is to protect the innocent. Nobody is supposed to know an investigation is under way," said Stephen Saltzburg, a law professor at George Washington University and a former associate independent counsel,

Yet, the whole world knows Mr. Starr is investigating whether Mr. Clinton told a former White House intern to lie about an alleged affair with the president and whether Mr. Clinton lied under oath about any affair. And this universal public knowledge of the investigation appears to be due in part to Mr. Starr's private briefings for selected reporters. ."He's not playing by the same set of rules that other federal prosecutors fol-

low," said Laurie Levenson, a Loyola University law professor and a former assistant U.S. attorney in Los Angeles.

"Prosecutors are not supposed to comment about an ongoing invesogation. The prudent thing to do is to give a two-word response: 'No comment.'

E. Lawrence Barcella Jr., a former federal prosecutor, said: "At minimum, I think he is violating the spirit of the rule. This is an ongoing investigation. He has obtained information through grand jury subpoenas, and he shouldn't

say anything about it."

At issue is Rule 6-E of the Rederal Rules of Criminal Procedure, and wbether Mr. Starr has followed it faithfully. It says prosecutors and their staffs "shall not disclose matters occurring before the grand jury." The bar on disclosures of 'grand jury material' includes documents and testimony from witnesses. Violators can be punished with reprim-

ands, fines and even prison terms. Mr. Starr takes a narrow view of this rule. He insists his occasional briefings for reporters were not "improper" because he did not disclose grand jury

"The Office of Independent Counsel does not release grand jury material directly or indirectly, on the record or off the record," Mr. Starr said in a statement issued Saturday. While admitting that he and an aide, Jackie Ben-

ted Mr. Yeskey's argument that state

inmates are protected by the 1990 fed-

eral disabilities law, which has led to

many improvements for the disabled,

such as wheelchair ramps in public

the disabled by public entities including

make reasonable modifications to ac-

commodate the needs of disabled

people who otherwise are qualified for a

In other decisions Monday the court

• It ruled that it has the authority to

review some lower court decisions that

deny inmates the right to appeal their

convictions. Ruling, 5 to 4, in the case of

a Nebraska man convicted under an

anti-gun law, the high court said a 1996

federal law does not strip it of anthority

proof they knew about the licensing

requirement. The court upheld a New

и в теобыят соплисто

seeking Social Security disability hen-

efits can seek immediate help from a

federal appeals court when a trial judge

sends their case back to a federal agency

for more study.

It ruled unanimously that people

any state or local government."

The law bars discrimination against

Public agencies can be required to

Supreme Court Upholds Disabled Prisoner Rights

places.

program or service.

made these decisions:

.WASHINGTON - State prison inmates are protected by a federal law that bans discrimination against the disabled, the Supreme Court ruled Mon-

day.

The law applies to any state or local government agency and does not exclude prisons, the court said. The unan-imous ruling lets a former Pennsylvania prisoner sue over his exclusion from a boot camp program that could have shortened his sentence.

'State prisons fall squarely within the statutory definition of public entity," Justice Antonin Scalia wrote for

The court rejected the argument of Pennsylvania authorities that prisons do not necessarily offer the types of programs addressed by the Americans With Disabilities Act.

"Modern prisons provide inmates for distinguishing these programs, services and activities from those provided by public entities that are not prisons The ruling opholds a federal appeals

court decision that let Ronald Yeskey sue Pennsylvania prison authorities over their refusal to enroll him in the boot camp program.

The Clinton administration suppor-

Away From Politics

school in Richmond, Virginia. A student, 14, was arrested and a second -person was being questioned. (AP)

west Iowa, forcing people to evacuate and leaving up to 10 feet of standing water behind. Griswold, a town of • Five motorcyclists, all wearing hel-1,049, got 8 to 10 inches of rain (AP)

tion's air traffic controllers reached north of San Francisco.

agreement on a new five-year contract that will increase the number of controllers, decrease the number of supervisors and raise salaries.

◆ A teacher and a volunteer instructor • An off-duty police officer was arwere shot and wounded in a high rested in New York for allegedly shooting a man who was cleaning car windows with a squeegee near an expressway in the Bronx. The city has been cracking down on people trying
 Heavy rains flooded parts of southto get cash for unsolicited washing of

mets, died in a pileup that closed a two-lane stretch of U.S. 101 for sev-The U.S. government and the na- eral hours near Willits, California,

nett Jr., had briefed reporters on developments, Mr. Starr said he "talked to the press about non-6-E material where necessary to correct misinformation that has become public.

This suggests a benign motive to correct the record. Suppose, to take a hypothetical example, a reporter hears a rumor from a defense lawyer that Mr. Starr's investigation is complete, and he is preparing a report to send to Congress in the next month.

If a reporter asked Mr. Starr's office if that rumor were true, most lawyers say the independent counsel could properly respond that the rumor is incorrect. In that instance, the prosecutor would not reveal any new information about his investigation. He would merely be correcting a false story. "Rule 6-E is not a guarantee of total

secrecy. It doesn't prohibit all prosecution statements to the press," said Erwin Chemerinsky, a law professor at the University of Southern California. 'A prosecutor can talk about something like the schedule of the investigation. That would not involve disclosing grand jury proceedings," be added.

But in Mr. Starr's interview with the

magazine puhlisher Steven Brill, be seemed to go quite a bit further. In response to Mr. Brill's queries about the many news leaks during the first weeks of the Monica Lewinsky investigation, Mr. Starr indicated it was proper for him to disclose some information turned np hy his investigators.

'Well, it is definitely not grand jury information, if you are talking about what witnesses tell FBI agents or us before they testify before the grand jury or about related matters," Mr. Starr is quoted as saying. "So, it is not 6-E."

In the view of many legal experts, bowever, the rule of grand jury secrecy

could be rendered worthless under this interpretation. Prosecutors could interview witoesses before they went before the grand jury and reveal what they say, all without violating Rule 6-E.

The latest misstep by Mr. Starr re-ignited the criticism of his long, drawnout investigation. Many lawyers were quick to note that Mr. Starr had never prosecuted a case until he was named to head the Whitewater investigation in

"This is clearly the work of an amateur," said Mr. Barcella, the former federal prosecutor. "Ask nearly every prosecutor what he should do, they will say it should be co comment. Instead, he goes out and hires a press flack."



Captain Robert Ashhy, pilot of the jet that hit a ski cahle in Italy, following his lawyer into a military courtroom Monday for a hearing.

Ski-Lift Death Inquiry

Jet Crew Knew Altitude Rules, Officer Testifies

CAMP LEJEUNE, North Carolina - A Marine aviation squadron commander testified Monday that his officers were briefed about altitude re-

strictions months before a Marine jet sliced a ski gondola cable in the Italian Alps, sending 20 people plunging to their deaths. Lieutenant Colonel Richard Muegge

was the first witoess at the hearing for

the pilot and navigator of the EA-6B The hearing, which will last through the week, will determine whether Cap-

tain Richard Ashby, 30, and Captain Joseph Schweitzer, 30, should be courtmartialed for the Feb. 3 accident. After a similar hearing in May, a

military judge, Lieutenant Colonel Ronald Rogers, put off a decision regarding the jet's backseat electronic equipment crew — Captain William Raney, 26, and Captain Chandler Seagraves, 28 until a review of the evidence concern-

ing the pilot and navigator. Colonel Rogers'a recommendation on whether there should be further action then goes to Lieutenant General Peter Pace, commanding general for Marine Corps Forces, Atlantic, who makes the final

The cable severed by the jet was strung 115 meters (370 feet) above the ground. Colonel Muegge testified that in December all squadron officers were told to review altitude restrictions, including a Marine Corps prohibition of flights below 300 meters and the Italian government's restriction of double that in the area where the jet hit the cable.

The restrictions were discussed at a meeting on Dec. 15, and in an e-mail on Dec. 17, the commander said.

Information about the altitude restriction also was in a printed guide in the jet's front cockpit, Colonel Muegge said. He said the guide was supposed to he periodically updated to enter information on obstructions.

POLITICAL NOTES

No Nose Rings, Air Force Says

WASHINGTON - The air force is standing firm against nose rings, tongue rings, body-piercing in general, mismatched earnings on female members and "excessive" tattoos. It will require removal of

Interim Change 98-1, issued last week, notes that the service has always prohibited people with "excessive or offensive tattoos" from joining. But there hasn't been a policy against piercing and such while on active duty.

So the new policy says members should "refrain from obtaining tattoos and brands" and "piercing their body" because it's unhealthy and presents a "faddish image."

Any tattoo or brand that is obscene or "advocates sexual, racial, ethnic or religious discrimination' is prohibited, and if you get one you 'will he required to remove' it at your own expense or quit.

Now if your problem is "excessive" tattoos — meaning they "exceed one-quarter coverage of the exposed body part and those visible above the collarbone when wearing an open-collar uniform'

- better keep them covered up as best you can and check with your base commander about getting them removed. Anyone who has gone tauco crazy before this notice might get them removed courtesv of the air force.

While in uniform, no "objects" may be put "through the ear, nose, tongue or any exposed body part. the new regulations say, with one exception: "Females are authorized to wear one small, spherical, conservative, diamond, gold, white pearl, or silver pierced/clip earring per earlobe," the notice says. The earrings must match.

Cancer Hot Line Answering Busy

WASHINGTON - Nearly onethird of the people who call the government's toil-free telephone number to obtain information about cancer get a busy signal or simply hang up because they have to wait so long, federal investigators say.

The investigators said that the telephone service, run by the National Cancer Institute at a cost of \$21.4 million this year, was "the most comprehensive and credible source for cancer information" in the United States. But, they said, it has been operating far below the standards of customer service set by private industry and promised by President Bill Clinton, with his pledge to reinvent government. The toll-free number is 800-

Cancer (800-422-6237). It receives 600,000 calls a year.

In a report to he issued next week, June Gibbs Brown, inspector-general of the Department of Health and Human Services, said: 'In 1997, almost one out of every three attempted calls to the Cancer Information Service failed to reach an information specialist. (NYT)

Quote/Unquote

Newt Gingrich, the House speaker, after about 40 graduates, upset because of declining admissions for minority students, walked out as he delivered the commencement address at the University of California at San Diego: "I suspect that bere today, virtually all of you

— clearly cot all of you, but virtually all of you - are very happy, and your parents are happy because you made it."

When It Comes to Kitsch, Go to Cali with many recreational activities, medical services and educational and voical services and educational

downs, Colombia's art market has fallen estates, drug lords haphazardly adorned

BOGOTA — For years, Colombian drug lords collected art the same way they chose their clothes, jewelry, homes and women: with ontrageous excess and ostentatious bad taste.

They snapped np opulent million-dollar portraits and bung them amid garish hunting trophics. They mixed bronze, marbie, gold and glass as relentlessly as they moved cocaine ont of Colombia. Drug lords "were people who had no

taste," says a Bogota gallery owner, Al-fred Wild. "I saw things that were absolutely horrible all over Colombia. They bought the best, but if you don't know how to combine the best, it's horrible." Flush with cash, drug kingpins

pumped millions into sculptures and paintings in the 1980s, helping to spur an art-market boom that spawned luxurious galleries and sent art prices soaring in Bogota, Cali and Medellin.

But with the death of the drug baron Pablo Escobar in 1993, the jailing of Cali cartel leaders in 1995 and the dispersal of other major traffickers in police crack-

"A lot of people are trying to sell, but there are very few buyers," said Maria Cristina Iriarte, a former gallery owner. "Today, drug traffickers are more discreet and stealthy — they don't pur-chase as much."

In the 1980s, many drug lords used their riches to acquire status in classconscious Colombia. Surrounded by glittering jewelry, grandiose homes, flashy cars and art, the traffickers achieved an awkward but cozy understanding with Colombia's establishment.

"Everyone tried to get money out of them," Ms. Iriarte said. "There wasn't much resistance. Society had a lot of

People viewed the narcos as any other group of nouveau riche without looking at the violence."

Soon, lavish, drug-financed, multistory art galleries sprang up around Bogota. Art prices donbled, tripled — and kept climbing till they became "unreal," said an art historian who asked not to be identified.

Inside the marble splendor of vast

scapes by Colombian and international

"Hanging hig paintings gave them a huge status — fast," Mr. Wild said, adding that the kingpins favored realistic, not abstract, art. At one estate, Mr. Wild recalled cringing as he spotted a work by the U.S. painter Frank Stella jutting out amid about 30 animal head trophies.

'There was a marble floor and these horrible bronze sculptures from the 18th and 19th centuries," he said.
"It was the most horrible mix you

could find. Not even if you wanted to do kitsch could it be meant as kitsch."

Not all kingpins had bad taste. Mr. Escobar acquired an enviable collection of Latin American and European art before he was gunned down by the police, said a dealer, who requested anonymity.

Many traffickers were obsessed with animals - accumulating private zoos, life-size statues of lions, tigers and dinosaurs plus other animal art, dealers

Lifesaving AIDS Drug May Produce Disfiguring Side Effects

drugs called protease inhibitors. Doctors' reports to the govern-Another patient developed a large concerned." bump on the nape of his neck like a huffalo's. A woman jumped from size 4 to 12 as her waist barreled and doctors' protests and stop taking the

falo humps" and WASHINGTON - Some AIDS paunches" are more than a cosmetic patients are developing a hizarre problem: some patients also are desyndrome of disfiguring fat deposits veloping risks for heart disease such on parts of their bodies as their faces as skyrocketing cholesterol. The and limbs shrink to skin and bones FDA, AIDS researchers and drug -possibly side effects of lifesaving companies are scrambling for an-

swers.
"We don't want to alarm people, ment paint a stark picture: Three because we think the benefits of women looked like "apples on a stick" from the mound of stomach and breast fat above birdlike legs.

her legs shrank.

The Food and Drug Administration is worried that so-called "buf-

say most understand that stopping protease inhibitors will let the AIDS

"What good is vanity if you're dead?" asked Mark Estrop, 37, of Atlanta, who has a two-inch-deep buffalo hump. The fat now is migrating under his chin, and his cholesterol level has jumped to 538, far beyond the healthy limit of 200. As a result, he's now taking anti-cholesterol drugs, too.

surgically removed '14 humps so

large that patients could not turn

their heads. Dr. Abrams discovered

the humps were not typical squishy

Fat deposits "really are quite de-"We don't know what's causing forming," said Dr. Harvey Abrams, a Los Angeles dermatologist who

biggest-selling protease inhibitor, notes a lack of proof that protease inhibitors are to hlame. It reports agency's medical officer. Checking finding fat problems in some pa-tients who never took the drugs. The phenomenon could simply be another AIDS symptom that most patients until now have not lived long enough to see, or it could result from a combination of other AIDS medi-

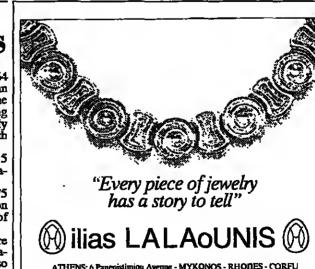
the fat redistribution syndrome,' said Joan Benson, a researcher at Merck who is designing a study of 100 Los Angeles patients to define the problem better.

Merck & Co., maker of the prime suspects. It is investigating 64 patients, bot "there's a lot more than that," said Mr. Murray, the the FDA's database, be found only three reports of the problem with older AIDS drugs.

Researchers estimate that from 5 percent to 64 percent of HIV patients may have the condition. A new Australian study of 75 patients found that the condition was a "common complication of

HIV protease inhibitors."

Protease inhibitors already are known to increase the risk of diabetes by raising blood sugar, so AIDS researchers are studying The FDA says all four protease whether the new inhibitors we inhibitors currently being sold are known to increase diabetes risk. whether the new inhibitors were



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In South Africa, Environmentalists Pick Up Axes to Chop 'Alien' Species

By Donald G. McNeil Jr. New York Times Service

SANDTON, South Africa - "What tree is that?" calls Diane Sbeard, environmental education officer at the Reitfontein Nature Reserve in the leafy Johannesburg suburbs.

"Blue gam!" her fourth-through-sixthgraders shout back.

"Where is it from?"

"Australia!" "Do we like it?"

afternoon outing, doing what so many budding environmentalists do here — ripping np plants. They won't chop down this eucalyptus tree today, because it is two meters around. But they will don their mothers' gardening gloves and tear np a lovely swath of flowering lantana.

About 1,250 kilometers to the south, Rayno

Frans is being dropped off hy helicopter for a week in the Riviersonderenberge Mountains east of Cape Town, Mr. Frans, 27, is in an elite unit of the Ministry of Water and Forestry Affairs. Biv-

vironmental commandos work the peaks with axes and chain saws, rappelling down sheer cliffs to stalk their prey. Their name: The Alien Hit

Squad. Their mission: kill pine trees.

There's something different about environmentalism in South Africa.

While American and European children get 'green' environmental educations that turn them into tree-buggers who believe every sapling is special, South Africans get a different perspective on nature. The environment here is under threat not so much from the smokestacks The Redhill Enviro Cluh is out for its Friday and parking lots of heavily industrialized counternoon outing, doing what so many budding tries, but from "exotics"—aliens from afar bent on stealing the nation's water and driving out its

native vegetation.

There is nothing irrational in this fear. The assault from America, Europe and Australia is very real. Because Africa's animal life - from lions to crocodiles to malarial mosquitoes appears so ferocious, many foreigners assume the whole environment is rugged. In fact, the African landscape is quite fragile.

The stunted thorn trees of the savannas, ad-

ouacking in the wild, be and nine other en- apted to drought, cannot compete with foreign giants like eucalyptuses and willows with their deep taproots. Nor can they live beneath the pines that, freed from the annual slowdown of snowy European and American winters, grow wildly and blot out the sun.

'You have invader problems in Australia and California," said Cobus Meiring, a spokesman for the Ministry of Water Affairs and Forestry. 'But nothing on this scale.'

Particularly fragile is the Cape Town area. There are more species of fynbos on the tiny Cape Peninsula than in all the British Isles.'

Fynbos is a sort of multihued gorse -- a short. tough-leafed plant that thrives in summer fog. But along nearly all the Cape's streams, it has been destroyed, pushed out by black wattles, Port Jackson trees and Australian myrtle.

And, as if choking off the native growth were not bad enough, the aliens suck up Africa's most precious resource: water. In some watersheds, creek flow has been reduced 60 percent, said Christo Marais, a fynbos expert for Cape Nature

Conservation, a government agency.

Fynbos uses little water. But hig aliens can

rely on for drinking water.

If a satellite photo could identify species, it would show that most of South Africa is covered with alien vegetation, virtually all of it deliberately introduced. The vast corn and wheat crops north of the Orange River are imports, as are the also part of the pay package. wide lawns of the suburbs, the purple jacarandas decorating Pretoria and the millions upon millions of pines planted by timber and paper

The ministry is careful to say that those aliens are O.K. - they provide food and jobs. It is when they get out of control that they are a problem. But plants get out of control easily bere.

Even the national parks and the vast Karoo semidesert have areas overrun by Mexican prickly pear. Miss Sbeard even has it on the roof of her nature center here in Sandton. "It's a terrible, terrible plant," she said. "We had it on the grounds, so we chopped it up and threw it on the roof — and new buds shot up out of the dead pieces. Now we have to inject it with poisons." To clear watershed areas of aliens, the Min-

By the French.

18 Worldwide. absorb and "sweat" up to 500 quarts a day into istry of Water Affairs and Forestry has created the air. That dries up the water tables that humans South Africa's biggest public works program. After only two years, it employs 40,000 people, all from the poorest communities, to clear

Magazine Salve

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trees and brush for about \$6 a day. The best try out for the Alien Hit Squads. There, they can earn \$14 or more — but pride is

My guys put on their ropes and climbing gear and walk around the townships like they're indiana Jones," said Stephen Lamb, who runs the squads. Along with mountaineering skills, they also get lessons in running small businesses. The aim of the program is to turn them into independent contractors, able not only to clear vegetation, but also to huild mountain trails, lead

tourist hikes and so forth. Not only plants are targeted.

'If you find one of these guys in a stream here," a guide at a reptile park told his audience recently as he displayed a North American painted turtle, "you have my permission to take a rock and bash in its skull. I'm a conservationist, hut I'm a conservationist of African species. This

Serb Suspect

Russian and U.S. Aides Quarrel About Kosovo

NATO Is Accused of Misleading the Kremlin

By Daniel Williams lashington Post Service

MOSCOW - Russian and U.S. military officials debated deep disagreements they have over the crisis in Kosovo on Monday as the Russians reacted testily to NATO's show of force over the Balkans.

During a visit by General Henry Shelton, chairman of the Joint Chiefs of Staff, Defense Minister Igor Sergeyev of Russia complained that he was misled about NATO's intention to hold air exercises over Yugoslavia.

backed attacks on Kosovo's insurgents and civilians.

Mr. Sergeyev said that officials of the North Atlantic Treaty Organization bad

Ethiopia

And Eritrea

Halt Air War

Completely, Our Staff From Departures

and Eritrea said Monday that they

had agreed to halt air strikes in their

undeclared border war under a deal

brokered by President Bill Clinton.

the first step toward resolving a

conflict that became a ground and

air war when the two sides launched

air strikes. Hundreds of people have

An Ethiopian government spokesman said his country had

agreed to the moratorium but said it

would defend itself "if our sov-

Ethiopian troop reinforcements continued to arrive on the border

with Eritrea near Adigrat on Mon-

day. Trucks loaded with munitions

lumbered through Adigrat early

Monday in the direction of the front

line, about 20 kilometers (12 miles)

The area, one of three main fronts

Yemane Ghebremeskel, a senior

adviser to the Eritrean president,

Isayas Afewerki, said the air war had

stopped for all intents and purposes.

hostilines, from which we can work

towards a complete cessation of

hostilities, which Eritrea wants but

Ethiopia objects to." Mr.

atmosphere in Ethiopia, where troops

were reportedly continuing to pre-

pare for an assault on Zala Anbesa,

the Ethiopian border town taken by

the Eritreans almost two weeks ago.

An Ethiopian government spokesman noted Monday that the

accord did not include any agree-

ment to halt fighting on the ground. On Sunday, Mr. Afewerki told

the visiting Italian envoy Reno Serri

that he was ready for face-to-face talks with Prime Minister Meles

The agreement to halt the air war

came after Mr. Clinton spoke to the

leaders of both countries hy rele-

phone on Sunday. Mr. Clinton's in-

tervention underlined the level of

"In response to a proposal by the

U.S. concern about a war between

U.S., the governments of Eritrea and Ethiopia have agreed to halt

immediately the further use of air

strikes and the threat of air strikes in

their present conflict," a White

indefinitely, or until such time as

either party concludes that any pros-

pect for a peace process has come to

an end and provides formal ad-

vanced notice to the U.S. govern-

ment that it will no longer respect

former allies degenerated into a

war, although there has been no

significant fighting since the middle of last week. (Reuters. AFP)

The border dispute between the

"This moratorium will continue

House spokesman said.

this moratorium.

two of its closest African allies.

Zenawi of Ethiopia.

But the accord did little to relax the

Ghebremeskel said in Asmara.

This is a partial cessation of

along the 1,000-kilometer border

scarred by heavy fighting last week,

to the north.

was quiet Monday.

Despite the agreement, more

ereignty is put under threat."

died on both sides of the border.

Eritrea said the moratorium was

ASMARA, Eritrea - Ethiopia

failed to inform him about the pending exercises during meetings he attended last week in Brussels.

"We all agreed that first of all, it was learn about the start of an exercise. That was a surprise.

"I simply don't understand the course of events. Words say one thing and actions say another.

"We must consult each other and state our points of view.'

At a press conference later, General The exercises are designed to deter Sbelton dismissed Mr. Sergeyev's as-Serbian forces from launching artillery- sertion that he was not informed. The defense minister knew that an exercise was planned, but left Brussels before
NATO set a date, General Shelton said.
"I do not know if he was informed of
the exact time," the general remarked.
"The exercise took place very fast hy
NATO standards."

NATO standards."

The Russian complaints formed the backdrop to the arrival of the Serbian leader, Slobodan Milosevic, on Monday for talks with President Boris Yeltsin. He is going to press Mr. Milosevic on Tuesday to open talks with rebel representatives from Kosovo in order to avert both NATO bombing and civil war in the insurgent region, Russian officials say.

against U.S.-led jet bomber diplomacy, whether in the Gulf against Iraq or in the Balkans to stop Serbian troops from forcing civilians from their bomes.

Russia has come out repeatedly

Russia insists that any such action be by the roars. endorsed by the United Nations Security Council, where Russia bolds a veto.

hian forces last week during a meeting of among people in Albania. the six-member Contact Group of intemational mediators. Foreign minister something that the United States or Yevgeni Primakov then called the pro- European powers have supported posal dangerous.

whether the recall was a protest.

Mr. Sergeyev made it clear Monday that Russia rejects the hasic U.S. premise for its policy. According to General Shelton, the Russians believe it is within Mr. Milosevic's rights to use whatever means necessary to "put down" the separatist movement.

The United States, on the other hand, believes that Mr. Milosevic has used excessive force in defending his police forces against armed attack and so must be deterred, General Shelton said.



Hundreds of refugees from Kosovo arriving in Albania on Monday after they fled violence in their province.

KOSOVO: NATO Planes Send a Message in the Skies Near Serbia

Continued from Page 1

notice that 80 aircraft can get up in the air and into that area on very short notice." The Albanian capital, Tirana,

trembled with the thunder of at least 10 jets around 11 A.M. For the next halfhonr, citizens there were overwhelmed The notion that Kosovo, a province of

Serbia, should become its own country The Kremlin formally expressed op- as a result of the battles between Serbs position to military action against Ser- and ethnic Albania has become a mantra

But independence for Kosovo is not European powers have supported thronghout the last decade, a time of Russia also recalled its representative repression by the Milosevic regime to NATO, Lieutenant General Viktor against its Albanian minority. Monday's Zavarzin. Officials declined to specify exercise appeared to bolster hopes in the Balkan region that Kosovo separatists - united under the shadowy Kosovo Liberation Army — may eventually warrant international approval.

On Monday, Prime Minister Fatos Nano and President Rexhep Meidani hailed the fly-over but warned that NATO may need to return to save their spokesman for the Alhanian Foreign
Ministry, said the exercise "shows that NATO will not stay" indifferent to what

Serbian forces were withdrawn.

"NATO is preparing to go further if required to halt the violence and protect the civilian populations," Mr. Solana happens in Kosovo.

But Monday's actions, the spokesman said, "should be followed by other operations." Those operations "should be done where the conflict is." be said.

Annan and Solana Hail Action . NATO declared Monday that its

massive display of air power over Macedonia and Albania was a success, and it won a strong endorsement from the United Nations secretary-general, Kofi Annan, for the threat of force against Serbia, Reuters reported from Rome.

he did not know wbether the hastily staged exercises would persuade Mr. Milosevic to end the crackdown on ethnic Albanians in Kosovo, and that further measures would be taken if necessary.
"We achieved what we wanted," Mr.

Solana said. "We deployed the troops and air forces in a very rapid manner." European Union leaders, meanwhile, meeting in Cardiff, Wales, condemned Belgrade's "brutal military repression" in Kosovo. They agreed to ban flights hy Yugoslav airlines to EU countries, and threatened much stronger action unless

said in a speech to the Italian Senate.

Mr. Annan, who also spoke to the Italian Senate, said be believed the threat of force coupled with diplomacy might persuade Mr. Milosevic, as it had persuaded President Saddam Hussein of Iraq earlier this year, to stop obstructing UN weapons inspectors.

"I think if we use diplomacy and force that threatens, we should be able to succeed," be said.

In his strongest language so far on the Kosovo crisis, the UN chief said that what was going on in the southern Ser-

to halt it.
"All of you who have been following the last few months in Kosovo must begin to wonder wbether another Bosnia cleansings, the indiscriminate attacks on civilians in the name of security are taking place.

Mr. Annan said the world would have no excuse if it allowed a repetition of the Bosnian atrocities.

'All our professions of regret, all our expressions of determination to never again permit another Bosnia, all our hopes for a peaceful future for the Balkans will be cruelly mocked if we allow Kosovo to become another killing field. It is in our hands now," he said.

In War Crimes Seized at Start Of Court Talks By Charles Trueheart

ashington Post Service

ROME — Even before the opening gavel on Monday, diplomats at a conference to establish a permanent international war crimes court got a reminder of why they are here.
At 8 A.M., French and German units

of the NATO-led peacekeeping force in Foca, southeastern Bosnia, arrested a former Serbian prison camp commander who is accused of having overseen the confinement and torture of scores of Muslims, and the execution of at least 29, in 1992 and 1993.

Milorad Krnojelac, 57, formerly a captain in the Yngoslav People's Army and a commander of the notorious Foca prison, was captured without incident on his way to work as a school principal."

He was delivered to The Hague and will face the International War Crimes

Tribunal for the former Yngoslavia. Mr. Krnojelac was the 28th suspect to be turned over to the tribunal and was among a number of indicted persons whose names the court, funded by the

United Nations, keeps secret. His arrest was notable because of the lead role of French forces and the suspect's location, in the French-controlled

ctor of eastern Bosnia. A French Defense Ministry statement noted that French special forces had been involved in the operation, which

unfolded without incident or casualty.' I France has been criticized — by the

chief prosecutor of the Hague tribunal NATO's secretary-general, Javier So-lana, said after talks with Mr. Annan that that there could be no excuse for failing crimes suspects, as its United Nations and NATO obligations require it to do, and for at first refusing to let its officers testify at the Yugoslavia tribunal.

The French government was also looms on the borizon," he said. bruised by the recent disclosure that one "Already the shellings, the ethnic of its liaison officers in the French sector bruised by the recent disclosure that one might bave prevented the arrest of Radovan Karadzic, the former Serbian political leader who is the Hague tribunal's most wanted Bosnian war sus-

The existing tribunals for Bosnia war crimes and the 1994 Rwanda genocide have served as test cases for the jurists and diplomats preparing the 150-nation conference getting under way in Rome: The conference has a deadline of July

17 to write a treaty establishing a permanent war crimes court, technically independent of the UN Security Council. which would determine culpability and punishment for architects of future Bosnias and Rwandas.

In a description that could apply to either recent example of mass carnage. the UN secretary-general, Kofi Annail, told the conference: "When crimes are committed on such a scale, we know that the state lacks either the power or the will to stop them. Too often, indeed, they are part of a systematic state policy and the worst criminals may be found at the pinnacle of state power."

bodia's murderous Pol Pot had never been "brought to answer for his crimes

He told delegates that "the eyes of the victims of past crimes, and of the potential victims of future ones, are fixed

The U.S. government, which has been among the pilots of the process that led to this conference, came under immediate criticism from human rights groups

participating here for trying to restrict the power of the future court. U.S. negotiators are following instructions that try to accommodate the enthusiasm of some Washington officials for the permanent court as well as the sharp misgivings of some others

about a court with any supranational The court that the United States seeks "is one that it can control, one that it and other Security Council members can turn on and off like a spigot," said Richard Dicker of Human Rights

Watch. He said that Senator Jesse Helms Republican of North Carolina, the skep tical chairman of the Foreign Relations Committee, was seeking "veto control over any prosecution of any American

Mr. Dicker added that "the likelihood of Senate ratification of a court that independent and impartial is negligible to nil in the near future."

Iraq Near Compliance, UN Inspector Says

BAGHDAD - Iraq is very close to an easing of economic sanctions imposed by the United Nations, the chief UN weapons inspector, Richard Butler, said

Mr. Butler said that an agreement reached with the Iraqi deputy prime minister, Tariq Aziz, could resolve most outstanding issues by August and, with full Iraqi cooperation, lead to verification in October that it has scrapped its weapons of mass destruction.

The light at the end of the tunnel today is more visible than any time," Mr. Butler said at the end of his threeday talks with Iraqi officials on dis-Mr. Butler and Mr. Aziz, leading pro-

tagonists in a UN-Iraq crisis four months ago that teetered on the hrink of military confrontation, sealed their agreement

Mr. Butler said the deal set out a work schedule that "seeks to bring us forward very far and very fast" to the end of the protracted disarmament verification

Iraq, impatient after eight years of sanctions it blames for the death of 1.5 million people, says Mr. Butler's UN Special Commission weapons inspectors have deliberately drawn out their

work to prolong Iraqi suffering. The UN Security Council will allow the lifting of the sanctions only after the Special Commission certifies that Iraq has no more weapons of mass destruction. Mr. Butler said the commission could do that in two months, provided

that Iraq fully cooperates. Sanctions were imposed after Iraq's 1990 invasion of Kuwait. These include an embargo on exports of oil, Iraq's main commodity, except in limited quantities to earn enough money to feed its people.

During his talks here, Mr. Butler on his way back to New York, said he presented Iraq with a list of ohligations, hoped that hy the time he returned to Iraq which he said Iraq must fulfill to support its claims that it has dismantled all of the banned chemical and hiological weapons and long-range missiles. But in a sign of flexibility, Mr. Butler said that

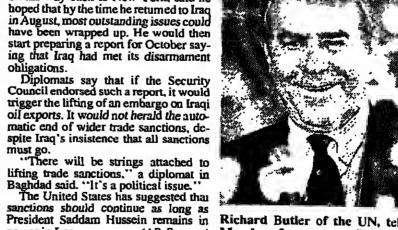
his experts were willing to accept that it was impossible to verify every Iraqi In the past, the Special Commission insisted that it needed conclusive proof

and rejected Iraqi arguments that it had unilaterally destroyed — without keeping any records - many weapons before the inspection process began. "It may be that we won't ever get 100 ercent verification where physical parts

have been torn apart and dispersed," Mr. Mr. Butler, who later left for Kuwait

oil exports. It would not herald the automatic end of wider trade sanctions, despite Iraq's insistence that all sanctions must go.
"There will be strings attached to lifting trade sanctions," a diplomat in Baghdad said. "It's a political issue."

The United States has suggested that sanctions should continue as long as President Saddam Hussein remains in Richard Butler of the UN, telling



(AP, Reuters) Monday of progress on Iraqi arms.

Guinea-Bissau Government Attacks Rebel Forces

Compiled by Our Staff From Desporches

lull as government forces and their Senegalese and Guinean allies attempted to flush rebels out of their stronghold on the edge of the capital,

with insurgents still controlling parts of a sprawling military garrison and access to the airport, a Portuguese Foreign Ministry spokeswoman said. The spokeswoman, Ana Zacarias,

who had been in contact with the Por-

tuguese Embassy by satellite phone.

said that there were more than 100

LISBON — Fighting resumed in She said the evacuees had taken chief of staff, Sandji Fati, along with an Guinea-Bissau on Monday after a hrief refuge in the embassy and at the Porunknown number of civilians, have tuguese cultural center in Bissau while been killed in fighting, which was waiting for a Portuguese navy frigate, triggered by the sacking of a former the Vasco da Gama, which was due off armed forces' chief. the coast later in the day.

But the task was proving difficult, has also sent two corvettes and a sup- dismissed over the alleged smuggling port ship to help in the evacuation of of arms by senior army officers to refugees, but they had still not arrived rebels in Senegal's southern

Several thousand foreigners bave already escaped the city, among them the U.S. ambassador, Peggy Blackford, and her staff, who left on Sunday they called for the immediate resignation of the staff, who left on Sunday they called for the immediate resignation. after supervising the safe evacuation of Portuguese nationals waiting to be all Americans wishing to leave. ira at evacuated from the West African state Dozens of soldiers from both sides, tions.

as the revolt went into its ninth day, including the Guinea-Bissau army Brigadier General Ansumane Mane.

Portugal, the former colonial power, who is leading the insurgency, was Casamance Province. In a show of defiance, rebels gave a

nation of President Joao Bernardo Vicira and the convoking of fresh elec-(Reuters, AP)

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By Joseph Fitchett

Magazine Says

PARIS - A French magazine says that France systematically eavesdrops on phone conversations in the United ingeled base guys in 12 States and other countries through a worldwide network of electronic facilines designed in capture satellite trans-

park fold to a conserve Information gleaned by these listening stations is routinely distributed to more than 50 recipients, including both government agencies and French companies competing with American and other concerns for hig international contracts, according to the article in Le Point, a respected oewsweekly. The report appears to be a major

disclosure in loog-running recrimina-tions between Washington and Paris about industrial espionage. France has often charged that the United States, which routinely listens to conversations around the world through the Nacional Security Agency, uses electronic intel-ligence for economic advantage. Washington has never denied the ex-

istence of U.S. global eavesdropping, hut it has vehemently insisted that commercial secrets are never handed on to

Similarly, France has oever acknowledged economic espionage, and this re-port breaks ground in citing French officials, although they are not identified, who admit not only operations against businessmen visiting France but also a systematic targeting of all communi-cations carried by satellites. French spe--cialists are among the world's best in developing software to sift millions of intercepts in order to find politically or commercially lucrative ooes to study. the magazine said.

Other surprises include the assertion by the magazine that Germany is helping to pay for some of this French electronic spying under an accord giving Bonn access to political and commercial

The disclosure, if true, would help explain why the Clinton administration has been unsuccessful, despite considerable efforts over the last three years, in inducing Bonn to shun French military satellites and accept U.S. help to build

Germany's capabilities.

French and U.S. officials, together with their German counterparts, have declined to comment on the Le Point article, which denounces what it calls European hypocrisy in complaining about U.S. listening practices as if France and other European countries were not.

idoing the same thing on a smaller scale imposed by limited finances.

The article has gained credibility through a wealth of detail that has not since it was published. It says that hopes of capturing satellite conversations prompted France to establish monitoring stations in French Guiana, io the Dordogne region of southwestern France and, more recently, in New Caledonia.

. The article, written by Jean Guisnel, a veteran journalist who has become a specialist in the security implications of sevelopments in electronics and telecommunications, seems to be the most extensive public account yet of the post-Cold War situation in which France seeks to match the United States in using intelligence operations in what amounts to economic war.

. The article does not cite new cases of industrial espionage by France against companies in the United States of the sort that has been the staple of U.S. intelligence agencies' accusacions. Instead, it describes a network of elecfronic listening posts that reaches across the Caribbean to capture conversations in the United States.

This could represent the beginning of more extensive European cooperation to end a situation in which the United States can listen to almost any conversacion in Europe, putting allied gov-ernments at a loss. The article said that perhaps even Britain, which traditiooally has enjoyed an exclusive hilateral intelligence-sharing relacionship with the United States, might be tempted to join a pan-European effort to balance the U.S. program.

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21 Apprehensively

22 Oscar-winning

actor in 47-Across

26 Hope is here:

27 Automne

31 Coeur d'-

36 Kind of wagon



At EU talks, left to right, Prime Ministers Prodi of Italy and Blair of Britaio, with President Chirac of France.

EU Leaders Urge Reforms by Tokyo

Blair Calls Japanese Slide World's Greatest Economic Peril in 2 Decades

By Tom Buerkle International Herald Tribune

CARDIFF, Wales -- The European Union urged Japan on Monday to press ahead with tax cuts and to speed up the reform of its banking system to prevent a further deterioration of Asia's economic slump.
Prime Minister Tony Blair of Britain

said that the economic decline in the Far East posed the greatest risk to the global economy in two decades.

Concern about Asia permeated the opening session of the EU's semiannual summit meeting here as the yen tumbled anew oo currency markets and stock prices were in retreat around the Bot EU leaders expressed guarded

confidence in the ability of their economies to weather the crisis. They stressed that Europe's recovery is based increasingly on demand from domestic consumers and investment, and said Asia's woes should help keep inflatioo and interest rates low.

Mr. Blair portrayed Europe and the United States as "twin pillars of ecocomic stability" because both were pursing "sound policies based on price stability and sound finance," according to his spokesman.

He also credited the single European curreccy, whose launch has dictated European economic policies, as a force that "will help generate stability and

The level of European concern about Asia was evident as EU finance ministers, who met separately here, took the nausual step of issuing their own declaration.

carrying out of a 16 trillion yen package of tax cuts and public spending anoounced in April, and renewed urgings that Tokyo undertake reforms to help the country's banking system cope with mountains of bad debts. Further structural reform and the

implementation of measures to strengthen the financial system are necessary to restore husiness and consumer confidence," the ministers said in a statement As in the United States, officials in

Europe are concerned that Japan's deterioration will undermine recent signs of stability in other hard-hit Asian economies like South Korea, Malaysia and Thailand.

They also fear that a further slide in the yen could prompt China to devalue the yuan to maintain its competitiveness, something that could trigger a fresh wave of devaluations across the

"The decline of the ven, if it continues, is clearly going to put pressure on China's currency," Sir Leon Brittan, the EU trade commissioner, said in Brussels on Monday. "This could have far-reaching consequences for the region and the world economy."

Sir Leoo said the crisis would increase trade tensions by pumping cheaper Asian goods into Europe and the United States while reducing Asian demand for Western exports. In addition to economic issues, EU

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leaders held a wide-ranging discussion of the Union's political institutions, prompted by an unusual convergence of the role of national and local governments on EU policies. Mr. Blair said the EU should be more views among Britain, France and Germany that EU bodies like the European active in areas like combating crime and protecting the environment, but he said

Commission were too remote from citit should do so in flexible ways rather izens and suffered from a lack of public than "going into every nook and cranny of naconal life." legitimacy. Mr. Blair welcomed an initiative by President Jacques Chirae of France and Chancellor Helmut Kohi of Germany last week calling for a reinforcement of

There were oo immediate conclusions, but leaders agreed to hold a special summit meeting in October in Vienna on the issue.

filed income-tax declarations last year.

To encourage compliance, Mr. Fy-odorov is lobbying for a reduction in individual tax rates to 20 percent from

35 perceot. Still, with many individuals

hiding their incomes, collection will

prove difficult. Igor Birman, an economist, said that Russians generally un-

derestimated their income by half or

more. Some estimates put uncollected

taxes at \$100 billioo.

BRIEFLY

A Partner of Kohl's To Vow Allegiance

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BONN - Leaders of the Free Democratic Party, the junior partner in Chancellor Helmut Kohl's governing coalition, said Monday that the party would not leave the coalition before national elections in September or ally

with its Social Democrat rivals.

The party chairman, Wolfgang Gerhardt, proposed that a declaration of intent to stand by Mr. Kohl's Christian Democrats be put to vote at a party congress in Leipzig later this month.

The state associations and most

of the party members at the local level are in favor of renewing our coalioon with the Christian Democrats," Mr. Gerhardt, said.

The Free Democrats' parliamentary leader supported Mr. Gerhardt's call for

Train-Auto Collision Kills 2 in Germany

BONN — Two people were killed and one was seriously injured in a train accident in Germany on Monday, two weeks after the country's worst rail disaster since World War

A train struck a car at an unprotected crossing in the Rhineland town of Bad Mueostereifel, the police said. The accident will put more pressure on the beleaguered German railroad to demonstrate the safety of its network

Police in Bad Mnenstereifel, 25 kilometers southwest of Bonn, said that two women in the car were killed and a man in the car injured.

They said the train was a standard regional locomotive, not a highspeed intercity express of the type that derailed and crashed into a bridge in the northern town of Eschede on June 3, killing 100 people and injuring scores.

Former ETA Leader Is Seized at Border

BILBAO, Spain — Police arrested six suspected members of the Basque separatist group ETA on Monday and detained a former top guerrilla after he

was expelled from France.

The Basque region Interior Ministry said the six suspects had been detained in Vizcaya, one of Spain's three Basque provinces. The anthorities said they had seized a former ETA leader, Jose Luis Ansola, at the border. He had served a prison term

Northern League Slips in Italy Vote

ROME - The autonomy-minded Northern League suffered a hlow in local elections in its heartland, the wealthy northeast.

Final results showed that Umberto Bossi's party took 17 percent of the vote Sunday, down 9 percentage points from the last regional elections in 1993, when it emerged as the No. 1 party in the Friuli Venezia Giulia region.

Silvio Berlusconi's Forza Italia, which did oot exist in 1993, overtook the League, winning 21 percent of the vote. A coalition of former Chris-tian Democrats had 11 percent, and the Democratic Left 15 percent (AP)

Moscow Takes Strong-Arm Approach to Tax Evasion

By Daniel Williams Washington Post Service

masks and carried submachine guns. They poured into the offices of Elena Klochko, a gas-station owner, to inspect

and a half-dozeo employees into a room, forbade them from making phone calls and, in their search, scattered Mrs. Klochko's papers and knickknacks around the once tidy office. Policemeo who arrived were inadvertently barred from the building by guards who manned all the gates and doors.

The raid - which created a scandal

them up with strong-arm tactics.

Even Mrs. Klochko, while in shock from the raid, expressed a measure of understanding, "I comprehend the government's desperation," she said, "It is true that many people evade taxes. I'm not one of them."

poliocal system. It is seen as a symbol of President Boris Yeltsin's inability to rule effectively. The dearth of tax reeconomic crisis as the government has had to borrow money at high rates to

law enforcement, corruption.

to see some led away in handcuffs.

people from overbearing tax police. She said she paid taxes on her business at a He has also ordered 20 large cor-Mr. Fyodorov's hard line has prompporations to pay back taxes amounting to \$800 million. He said, however, that

her records — with a vengeance.

The collectors herded Mrs. Klochko

in Moscow, a city not unused to scenes of official abuse — highlighted the des-peration of the government's campaign to collect taxes, even if it means scaring

Chronic failure of tax collection is a

cover deficit spending.
Russia's recent problems have helped

further a worldwide erosion of faith in emerging markets. From Indonesia to Brazil, these couotries have experienced periodic crises that set back their development and scare off capital. Russia exhibits many of the typical weaknesses: inefficient government, chaooc

ruhle, Mr. Yeltsin's government vowed to crack down on scofflaws. The new chief tax collecur, Boris Fyodorov, has promised to haul in 1,000 of the country's wealthiest and best-known citizens to inspect their coosumption habits. The goal is to see if lavish spending on luxuries suggests undeclared income.

'If the most famous people in the country observe the law, it will help spread the culture of paying taxes in Russia," Mr. Fyodorov told the Kommersant Daily, adding that he would like

ted talk that the coming tax battle, whether effective or not, could turn he believed the main problem lay with individuals, not companies. Only 4 mil-lioo of an estimated 60 million taxpayers ugly. Mrs. Klochko's case is five

MOSCOW - The tax collectors were

weak link in Russia's economy and

In the wake of a recent run oo the

months old, but the publicity her case has received has worked as a kind of warning. Business people have been reluctant to speak out for fear of official reprisal,

human rights officials say.

"I feel it is wrong to remain silent," said Mrs. Klochko, 36. "The government is right to look for ways to collect. But there is a flip side to power, and it can be brutal."

She is fighting her own case in court and started a group to protect business

rate of about 80 percent, including taxes on gasoline, benefits for her 10 employees, and taxes on profit. The Vidnovo
regional tax officials who ordered the
raid have yet to declare anything wrong
with Mrs. Klochko's bookkeeping,
Human rights watchdogs say Mrs.
Klochko's case is oot unusual and rep-

resents one of many show-arrests by tax police to obscure their own corruption and lack of efficiency. "She wants to find a legal answer.
This is rare in Russia," said Lydmila
Alekseyevna, head of the Moscow Hel-

sinki Group human rights organization.

EXHIBITION CENTRE THE PARISIAN

MONUMENT WORLD-CLASS BUSINESSMEN VISIT FIRST.



EXHIBITIONS IN THE SECOND HALF OF 1998

MAISON & OBJET The International Home Decoration, Giftware and Tableware Exhibition	4 - 8	SEPTEMBER 98
MIDEC - International Shoe Fashion - Paris	6 - 8	SEPTEMBER 98
NEW QUOJEM Hardware - Tools - Industrial Supplies - Decoration - Home Automation	20 - 23	SEPTEMBER 98
INDIGO International Exhibition of Creation and Design for Fashion and Decoration	1-4	OCTOBER 98
MOD'AMONT - Fashion Supplies and Trimming Trade Fair	1 - 4	OCTOBER 98
PREMIERE VISION - LE SALON - The World's Premier Fabric Show®	t - 4	OCTOBER 98
SIAL - International Food Products Exhibition	t8 - 22	OCTOBER 98
EXPOPROTECTION - International Safety and Security Exhibition	3 - 6	NOVEMBER 98
FEU 98 - International Fire Fighting and Rescue Exhibition	3 - 6	NOVEMBER 98
EMBALLAGE - World Packaging Exhibition	16 - 20	NOVEMBER 98
INTERSELECTION - The International Exhibition for Volume Retail Fashion	17 - 20	NOVEMBER 98
NOUVEAU REGARD - The Exhibition for Fabric Quick Response	18 - 20	NOVEMBER 98
MIDEST - The International Subcontracting Exhibition	30 NOVEMBER - 4	DECEMBER 98
OUTIL'EXPO - European Exhibition of Tools and Production Technology	30 November - 4	DECEMBER 98
ELEC - Escuricity - Automation - International Exhibition	7 - tt	DECEMBER 98



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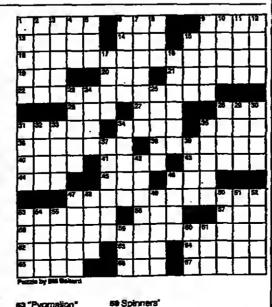
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Japan Can Do More

Japan is officially in recession, and its government continues to dawdle about responding. The risk is that Japan's problems may cause further damage to its aiready weak Asian neighbors.

The first priority for Japanese officials must be to save the country's sick banking system, which is still burdened by bad loans left over from the hubble economy of the late 1980s. In February the government an-nounced a large and hadly needed bank bailout plan, but almost nothing has been done to institute it. The government needs to close weak institutions while enabling the stronger ones to put their bad loans behind them. The scandal at the Ministry of Finance, which some had hoped would make reform easier, instead seems to have produced paralysis.

The banks, belatedly awake to how bad their situation is, have created a huge credit crunch by cutting back on loans to avert further losses. Worried consumers are reluctant to spend, making things worse. Money is flowing out of the country as savers seek safe haven in foreign banks and foreign bonds. So despite a big trade surplus the yen is

tumbling, down 21 percent against the dollar in the past 12 months.

Japan's current economic woes reflect the limits of national monetary policy in moving an economy, particularly in this age of global financial flows. Japan's central bank has pushed interest rates about as low as they can possibly go. Short-term rates are under percent, and the yield on 10-year Japanese government bonds has fallen to 1.3 percent. It is hard to imagine how credit could be cheaper.

But the banks are afraid to make loans, and much of the borrowing has been by foreigners, who have used the cheap funds in speculate in foreign securities markets. Japan's low rates have stimulated rising stock and bond prices in the United States hut have done nothing for its own economy.

The Japanese government has put together a fiscal stimulus package, which should help. But more needs to be done to allow Japan to play the needed role of locomotive for the rest of Asia. Right now, Japan is acting as just one more hrake on an already stalled regional economy.

-THE NEW YORK TIMES.

Stilted Intelligence

A kind of bonus has come out of India's nuclear tests: a brief hut probing look at American intelligence. From the moment of the explosions, it was evident that, while information about India's testing capabilities was plentiful, information and understanding about its intentions were short. The tests in May were from that short-term viewpoint an embarrassingly complete surprise. At once the CIA launched a 10-day study to see what had gone wrong. The answer now back from the inquiry's chief, retired Admiral David Jeremiah, is: a great deal.

on two levels. One focuses on flaws of management — on a failure in set up a system ensuring the comprehensive, timely and adequately supervised collection and analysis of urgent intel-ligence. In the Indian case, lower-level analysts made decisions on communications intelligence coverage without due consultation with senior officials. As part of the CIA's response, its director named two agency veterans as collection and analysis aides.

miral Jeremiah, however, lies off any organizational chart. He found a mindset in the upper reaches of intelligence officialdom: a belief that India's new governing party would not risk the consequences of honoring a campaign promise to test, because the party would act as Americans might act, avoiding

before - the CIA and associated agencies have been hit by one revelation after another of the intelligence com-munity's breakdowns. This time the loss may have been modest, if you figure that, regardless of whether they were caught in the act, the Indians were going in test. But the potential gain, in terms of reform of intelligence practices and perceptions, could be considerable. Admiral Jeremiah also set a good example in conducting a quick hut penetrating inquiry that goes to the heart of a vital intelligence matter.

- THE WASHINGTON POST.

Without Justice, No Security for Ordinary People

OTTAWA — The international community has learned some hard lessons from atrocities in recent years in the former Yugoslavia and in Rwanda. We have learned lessons in terms of heeding warning signs, and lessons in terms of swift and appropriate international response. And 25 we work on the long process of huilding a lasting peace in such societies, we

are learning lessons about justice.

Those who commit the most heinous crimes in times of conflict must be held accountable for their actions. Without justice, there is no reconciliation. Without reconciliation, there is no lasting peace. Without lasting peace, there can be no security for ordinary people to live out their lives and dreams.

In Yugoslavia and Rwanda, the United Nations responded to serious violations of humanitarian law by establishing international tribunals, with the Canadian jurist Louise Arbour as chief prosecutor. The international tribunals, despite limited resources, are effectively bringing war criminals to justice.

But these tribunals are set up hy the Security Council on an ad hoc basis. Canada is one of a growing number of By Lloyd Axworthy

nations which believe that a permanent solution, in the form of an International Criminal Court, is required.

A permanent, impartial, international venue is needed to try those who flout the norms of humanitarian law and would otherwise escape justice. The idea for an International Crim-

inal Court is not a new one, but it is an idea whose time has come. The international political landscape has changed dramatically in recent years. War itself has changed, with most wars being internal conflicts that overwhelmingly target civilians. Borders have become more porous, for people and for problems such as international crime, illicit drugs, pollution and disease.

Increasingly, there is a need for in-ternational rules that focus on the security of individuals as opposed to traditional thinking about security of the state. An International Criminal Court is a key part of this new focus.

The United Nations is currently

holding a conference in Rome on the establishment of an International

By Silvio Scaglia

nations taking part in this debate, Canada chairs a group of 45 likeminded states which share its commitment to an independent and effective Court with four basic attributes.

First, an International Criminal Court onght to have acknowledged jurisdiction over such core crimes as genocide, crimes against humanity and war crimes, including war crimes committed in internal armed conflicts.

Second, it ought to have a constructive relationship with the UN Security Council that preserves the indepen-dence and impartiality of the Court. Third, it ought to have an independ-

proceedings, rather than proceedings being triggered only by a state complaint or Security Council referral. Fourth, it ought to have a special focus on the plight of women and children in armed conflict - for example,

recognizing rape and the conscription of child soldiers as war crimes. There are some nations which question the effect that the Court would have on state sovereignty. An International Criminal Court would complement na-

Criminal Court. Within the array of tional indicial systems. It would innations taking part in this debate, vestigate complaints when a state either cannot or will not bring transgressors to justice. The prime focus will be exactly where it is most needed: where state authority has collapsed or where state authorities themselves are behind extremely serious crimes.

John Lewis: A

There is now a distinct momentum building in favor of a strong court. With lessons learned from the successful campaign for a treaty banning land mines, we are engaging not only political leaders but also nongovernmental organizations, media and citizens around the world. There is broad and growing support for a strong Court, a consensus that perpetrators of war ent prosecutor who is able to initiate crimes and crimes against bumanity must know that somewhere, sometime, justice will eatch up with them.

Many of us take for granted the judicial systems that allow us to live in peace and freedom. As citizens of the global community, we must help our neighbors to enjoy the same rights.

The writer is Canada's foreign minister. He contributed this comment to the International Herald Tribune.

Europe Has the Capital to Create Jobs, if It Chooses To

MILAN -- Question: Who should be the 16th mem-(10.2 million)? No.

Answer: The 17.9 million unemployed throughout the EU's 15 member nations.

Whatever the versatile economic statistics or fizzles of re-

NEW YORK — There is a strange prickliness about

France now, a defensiveness

that ill-becomes a great nation.

much. A society that continu-

ally tells everyone how won-

derful its attributes are is usn-

Imagine — it's hard to do ---

a France that was not continu-

ally telling the world what a

You would then see a society

that valued tolerance; that took

intellectual pursuits seriously; that valued social cohesion.

You would find a nation that,

although with high population densities, protected its coun-

tryside, and that had huilt a suc-

In fact, you have just dis-

they are (even if they secretly

clan in which the French aspire,

but the "Dutch model" nf mod-

ern capitalism, which seeks to

combine substantial social pro-

tection with entrepreneurial dy-

namism, is winning attention

ingly called the Anglo-Saxon

around the world.

cessful modern economy.

covered the Netherlands. The Dutch are everyone's fa-

ally one on the skids.

wonderful place it was.

Methinks they do protest too

ber of the European Union? The Czech Republic (population ponder yet again the sheer hu10.3 million)? No. Hungary man waste of massive, persistent unemployment in much of Western Europe.

In their search for a common "social policy," the nld reflex of most of the Continent's economies is to turn to the state for newed growth may show, it is a solution - mandatory reducthis raw figure that stares Euro- tions in working bours or other pean leaders in the face as they centrally planned and state-sub-

By Michael Elliott

sweeping all before it, fueled by

the truly remarkable strength of

the American economy. But

there is no reason, in principle,

why the world should tolerate

only one sort of liberal econo-

society's deciding, say, to forgo a few points of economic

growth in exchange for a well-

There are perfectly successful economies — think of Fin-land — in which risk-taking and

high technology coexist with the sort of social policies from

which most American politi-

the stars that says that either the

American model of capitalism

In short, there is nothing in

The problem is, it is difficult

types of capitalism when the

noisiest advocates of the Euro-

ingly takes French advice, be-

cause it is usually offered with

such a sense of natural superi-

learn how to be a little more

Nobody outside France will-

pean view are the French.

funded social safety net.

cians would run a mile.

There is nothing evil about a

my and society.

sidized measures that are at best unlikely to make much of a difference over time.

If an entrepreneur may venture a snagestion, it would be this: Look at capital.

Not yesterday's capital, that scarce, expensive commodity our countries craved so as to rebuild after World War IL Rather, today's post-postwar capital, which is abundant and

effective government.

worth defending.

Even if they dun't say it pub-

that the United States is not a

barren wasteland and Western

Europe is not a ntopia. But they

are determined - and why shouldn't they be? - to pre-

serve those many aspects of

The case for such a policy is

modern European life that are

world paid more attention.

pected to free up some \$230 billion in the coming five years. Where will this, and similar new capital resources elsewhere in Europe, go? Chances are that these enormous resources will France Ought to Try to Be More Dutch go into purely financial or specnlative uses, rather than be channeled to set up and develop nize that they now have a very sizable new enterprises and

therefore new jobs. Unless, that is, many of us in licly, France's leaders know Italy and elsewhere in Europe manage to do two things:

cheaper than ever, and cries nut

for apportunities to create jobs.

Padoa-Schioppa, the Italian

member of the executive board

of the new European Central

Bank, has said that privatiza-

tions and other efforts to reduce

Italy's deficit, and therefore its

debt-servicing burden, are ex-

For example, Tommaso

 Create a truly transparent marketplace, in which the market becomes what it was always meant to be - a meeting point for all, not just for a few dynasties or entrenched hard cores of stakeholders, to compete on a level playing field under clearer and ofter stricter rules.

muddled by France's public stridency. A quieter France would be a France to which the A report prepared for the European Commission by David Wright and presented in Cardiff is a refreshing attempt This comment has been adto foster an environment which apted from a longer article in favors the creation of innovative enterprises.

Scrap the IMF, and Then Be Sorry

Note that the 5,500 firms on the Nasdaq market in the United States, many of them high-tech, "growth" companies, employ some 9 million people. That gives a measure of the immense, opportunities.

As more and more people are coming to realize in Europe. what is missing is not just the right capital but a properly. transparent and harmonized markerplace, Continent-wide.

• More basically, what is re-

quired is a new entrepreneurial. culture that enables us to face the challenges and reap the enormous benefits of today's A culture, that is, which puts

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premium nn incentive and motivation, in an economy where ahundant capital is less and less identified with control and more and more with the simple search for an attractive return af clear and manageable risk.

The resources at hand, both financial and human, have never been greater. Build the kind of marketplace where they can truly meet, and we Europeans will have gone a long way toward solving our problems.

The writer is chief executive officer of the telecommunications company Omnitel. He contributed this comment to the International Herald Tribune. -

confrontation. Whether what he says of Americans is true is one thing. But to make the assumption without an awareness that it was just an assumption, was a prescription for error.
Since the Cold War ended — even His tale of intelligence woe proceeds

The deeper flaw unearthed by Ad-

Let's Worry About It

What is the proper degree of panic the other departments will be, too, alwith which to contemplate the approach of the Millennium Bug, which may (or may not) crash all or some of America's crucial computer systems when the date turns from 1999 to safe to fly on Jan. 1; not companies and government regulatory sgencies; and not, apparently, the keepers of the federal bully pulpit. These last ought to consider the possibility that a little more panic now would be a lot safer than misplaced calm.

One alarm-sounder is Representative Stephen Horn, Republican of California, of the House subcommittee on government management, information and technology, whn recently released the latest of a series of "report cards" on the progress of 24 government departments toward what is known in the jargon as "Y2K compliance." The grades are mostly bad. Mr. Horn gives the government overall an "F," and says that while some departments are in good shape, at least six - Transportation, Energy, Health and Human Services, State, the Environmental Protection Agency and the Agency for International Development — are nowhere near ready, while Defense, Justice, Agriculture and Education are

far enough behind to rate a "D." That grading scheme assumes that departments should be finished fixing their software by at least March 1999, leaving plenty of time for both in-house testing of systems (accomplished by shutting down operations, moving computers' clocks forward to 2000 and seeing if the systems start) and, just as important, tests of data exchange be-

tween different computers. That assessment differs sharply from that of John Koskinen, the administration's "Y2K czar." He says the Federal Aviation Administration is on track to be ready, and that most of

though there are weak spots. Fears of a drastic shortage of technicians able to fix the code, he says, have not materialized. If managers take the problem seriously, there are people to do 2000? Nobody knows -- not the av- the work. (Some departments have re-

The government has, of course, an interest in preventing all-out panic -a run on banks for cash, or on gas stations for gas - that would cause thore havoc than the hug itself. But the balance between sparking a panic and letting people be lulled into a false sense of security is hard to strike. Maybe nothing will happen on Jan. 1, 2000, and maybe there will be an apocalypse, but it isn't safe in this instance in assume that the truth lies somewhere

--- THE WASHINGTON POST.

Other Comment Indian Nuclear Cheating

Minst of the military plutonium stocks that India dipped into for its recent nuclear tests came from a research project provided years ago by the United States and Canada. India had promised that it would not use this platonium for bombs.

If Washington and Ottawa were now to keep India to its promise, and verify this, India would lose more than half the weapons-grade plutonium for its nuclear bombs and missiles. The United States and Canada should make this an essential condition for the lifting of economic sanctions.

The platonium in question is the approximately 600 pounds — ennugh for about 50 bornbs — produced in India's CIRUS research reactor since it began operating in 1960.

- Victor Gilinsky and Paul Leventhal, commenting in The Washington Post.

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JONATHAN GAGE, Business and Finance Edit

Korean Pain Ahead

At present, what is mislead- ority. If the French could only

form of capitalism appears to be Dutch, the world would recog-

vorite Europeans. Partly, that is or the Continental European

because they don't always brag one is uniquely suited to every

believe it). They may not strut to have a sensible discussion the world stage with quite the about the merits of different

about how bloody marvelous place on the globe.

By Douglas H. Paal and David G. Brown

South Knrea and the United States broadly in step, and mutual respect evident, it is not surprising that President Kim Dae Jung's visit to Washington last week went well.

This is a welcome contrast with then President Kinn Young Sam's visit in 1993, which re-sulted in sharp differences over the North Korean nuclear issue, and poisoned personal relations with President Bill Clinton.

Kim Dae Jung is widely trusted in America and seen as a genuine democratic hero. His party's strong showing in recent local elections strengthened his mandate to carry out painful economic reforms.

The special courtesies extended to him, including the rare honor of addressing a juint session of Congress, helped him demonstrate his assertion months ago that relations with Washington would be stronger with him as president.

The visit also served Mr. Clinton's interest, three weeks before his controversial China trip, in play up South Korea's democratic transformation symbolized by Mr. Kim's election.

The summit reaffirmed the importance of the bilateral alliance between South Korea and the United States. But economics took center stage. With international confidence shaken by the challenge of overhauling South Korea's economy, Mr. Kim needs to win understanding of his government's policies for addressing this daunting task.

WASHINGTON — Sum- the IMF. But what he needs VV mits are supposed to be most now is American invest-successful. With the policies of ment. In addition to Washington, he visited New York, San Francisco and Los Angeles. But unrealistically high ask-

ing prices, widening spreads that make bonds fall below investment grade, traditional barriers to foreign investment and uncertainty about the South Korean economy, especially now that Japan is in recession and the yen is falling, have stymied all hut a handful of deals.

The involvement of U.S. banks in the bidding for Seoul Bank and Korea First Bank, which are to be marketed in September, would be particu-larly welcome to Mr. Kim.

Because of the state of the economy, the prospects for him now that he has returned home are uncertain. With months of bad economic news to come, the state visit to the United States may in retrospect be viewed as the high point of his term.

His tendency not in delegate and to be his own top economic adviser is likely to take a toll as the South Korean business congiomerates cominue to resist real reform, labor unrest grows and exports falter in the face of competition from Japan and Taiwan, whose currencies are

weakening.
Despite his burnished democratic credentials, Mr. Kim is of Korea. All my years as a likely to have an autumn of troubles ahead.

Mr. Paal is president and Mr. Brown is a senior associate of the Asia Pocific Policy Center in Washington. They contrib-He gained strong expressions used this comment to the Inof support from Mr. Clinton and ternational Herald Tribune.

By Thomas L. Friedman DROMINENT former offi-

cials and economists have called for abolishing the IMF. The U.S. Congress is holding back its next deposit to the Fund, \$18 billion, because a Republican congressman. shared by many countries, this Chris Smith, will not allow the Korean bailout will have to be a U.S. contribution to be made direct loan from the United States, with America bearing all unless the Clinton administration drops support for any worldwide family planning pro-gram that includes abortions. the risks and costs alone Since all these smart people seem to think the world doesn't need the IMF, I say junk the

would look like a year later. WASHINGTON, June 15, 1999—On the first anniversary of the closing of the IMF, the Russian ruble hit a new lnw today of 50,000 to the dollar. Russia's president, the former army general Alexander Lebed, who ousted Boris Yeltsin in a coup after the Russian economy collapsed six months agn, annonnced a new export program for getting Russia's economy back on its feet.

place. Here is what the world

"From today forward," said President Lebed, "any Russian company capable of exporting any device, technology, weapons system or natural resource — including highly enriched uranium — is encouraged to do so to anyone who can pay hard currency. The U.S. Congress says it will sanction us for selling nuclear technology to Iran or India. Hah! What more can they do? Since they closed the IMF, 35 percent of Russia is unemplnyed. The Russian army has

not been paid in six months!"

Meanwhile, the former U.S. allies South Korea and Thailand, with their economies in a tailspin from the lack of IMF support, decided to go to the only other potential lender of last resort the U.S. Congress.

South Korea's president, Kim Dae Jung, told Congress: We have been loyal U.S. allies for 40 years. I am the first liberal democrat elected president political exile, America was my model. You're not going to abandon me now? With 30,000 U.S. troops in my country and North Korea np there with a

bomh in the basement?" The Koreans have enlisted two former U.S. Treasury secretaries, George Shultz and William Simon, along with the former Citibank chief Walter Wriston, to lobby Congress for an emergency \$10 hillion aid package for Seoul. Unlike IMF bailouts, where the burden is

That loan was jeopardized yesterday, though, when the U.S. Erobassy in Seoul was ran-sacked, along with the Coke and Pepsi bottling plants, by an angry moh. The moh was outraged by the conditions that the U.S. Congress wanted in impose in exchange for U.S. help: an end to all hirth control in South Korea and the right for any U.S. company in buy 100 percent of

any Korean company. 'Too bad we don't have the IMF around to impose these conditions, so everyone could blame it instead of us," mused House Speaker Newt Gingrich, in a rare moment of candor.

Elsewhere in Asia, human rights acrivists were appalled as Thailand, Malaysia and Indonesia all declared martial law sn their governments could close down newspapers and stop ri-

oting against businesses owned by ethnic Chinese. China warned that if the anti-Chinese rinting continued, China's navy would "not stand idle."

Meanwhile, Prime Minister Mahathir hin Mohamad of Malaysia denounced the IMF's closure as yet another conspiracy to weaken Southeast Asia." America's trade deficit hit an

all-time high of \$400 hillion, as cheap exports from all over Asia's hattered economies flooded the United States. The Dow fell again today, in 6,660. as the dollar hit 300 yen. The latest New York Times/

CBS Poll showed two nativist protectionists. Patrick Buchanan and Ross Perot, running neck and neck in the year 2000 presidential race, after Al Gore and George W. Bush dropped out because uf lack of support. So the United States called for an emergency meeting of

the leading industrial nations to try to establish some sort of international monetary fund to deal with the crisis. America offered to hold the meeting in s quiet estate in New Hampshire called Bretton Woods, but the other world powers, showing contempt for weak U.S. lead? ership, insisted on Shanghai. The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Anarchist Trial PARIS — The anarchist Ene-

vant, who in January last seriously wounded twn policemen by stabbing one with a huge Catalan knife and shooting the nther with a revolver, was yesterday [June 15] sentenced to death. The proceedings were noteworthy for the accused's impertinent attitude. After refusing to answer questions put to him, he tried to enter into a discussion on the subject of the necessity of laws. After being sentenced the accused was taken from the court crying "Vive I anarchie!"

1923: 'Dry' Brouhaha

WASHINGTON - The twelvemile dry compromise suggested by the Administration, whereby America would have the right of search and seizure up to that limit as a concession for allowing foreign vessels to enter American ports with scaled liquor stores, has

stured much rancor all through the East. The dry leaders fear the results of such a compromise and are outspoken in condemning it. The envoys of foreign Powers here believe that all advantage, would be for the United States and therefore will not approve of such a compromise.

1948: Sino-Soviet Pact,

NANKING - Premier Woog Wen-hao said today [June 15] that China "paid a great price", for friendship with Russia, and called upon the Soviet Union to live up to her treaty obligations. The Premier asserted that the Sino-Soviet treaty was n good one hut needed "proper imple" mentation" by Russia. He said Russia could withdraw her troops from Manchuria and give support only to the central gov-ernment of China. His last reference implied strongly that Russia is supporting the Chinese Communists in the civil war.

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A Little Control

U.S. policy toward Taiwan must involve prudence and strategic planning. If Taiwan were to succomb to a Chinese assault while America stood by, the credibility of the U.S.-Japan Security Treaty would be destroyed. Japan's self-de-fense force could then go nu-clear, soon to be followed by

learn to identify and assert its national interests, just as China does: Kowtowing will inevitably lead to conflict and insecurity in the whole of East

Lansdale, Pennsylvania.

OPINION/LETTERS

John Lewis: America's Next Great Black Leader

WASHINGTON — The publication of Representative John Lewis's autobiography, "Walking With biography, "Walking With the Wind," is a literary event. This is the definitive account of the U.S. civil rights moveson by one of its leaders.

It is also a poliocal eveot. Mr. Lewis, a Democrat from Georgia, is universally re- Mr. Gore 'brothe garded as a home run of a to his host's ears. buman being — brave, hoo-

Now with the help of a skillful collaborator, Michael compelling history that promises to become a sensatioo most prominent black leader, more than a little tinny.
the long-awaited successor to "Walking With the Wind" Martin Luther King Jr.

I HAVE

BOMB

By Mary McGrory

Vice President Al Gore of just who was at the bargave a publication-day party at his mansion for Mr. Lewis.

of just who was at the barricades in Montgomery, Birmingham and Selma. He fin-They have known each other since they were both young and in Nashville. Tennessee, where Mr. Lewis was giving the city fathers fits with student sit-ins. Mr. Lewis called Mr. Gore "brother," music

With Mr. Lewis's arm around him, Mr. Gore can corner the black vote. None of of the family went off to the his possible rivals could com-D'Orso, he has produced a pete. Mr. Lewis could also make Jesse Jackson's threat for the bus he took to the of yet another nuisance presand make him America's idential challenge sound

gers the peacocks and the poseurs. He even faults his idol, King, for joining demonstrations late or duck-

ing out early. Mr. Lewis, one of 10 children of an Alabama sharecropper, was born with a voracious appedte for justice and education. Wheo the rest fields to pick cotton, he would hide under the porch and wait wretched one-room school that Pike County provided for hlack children.

"Walking With the Wind" He struggled to get into reminds all interested parties college, American Baptist

JUST IGHORE HIM. STARR DOESN'T HAVE ANY BOMB.

NDIA HISTE BONE PROSTAN HAS. CHINA HAS. NOT STARR.

Theological School, where he fell upon the ideas of non-violence and joined the young lions from other colleges who marin Luther King and felt that they were owed the right to be treated like Amer- you." ican citizens - and, for openpublic lunch counters.

On Feh. 12, 1960, they began the sit-ins that changed Americans. He was slammed around

without mercy hy sheriffs, herded into paddy wagons with electric prods, flung onto jailhouse floors, shoved, cipline. kicked and beaten. His In the early, almost idyllic skull was pounded by club-days of the sit-ins, the memwere set upon by their local

this in meticulous detail, so seen to: dress code, food, vividly that you read it as if transportation, attitude. They you had never heard it before. walked in sileoce, they had He even tells you the kind of one spokesman, they hung in. thear gas that Sheriff Jim Clark
chose for the assault at Selma.

In an ioterview the other day
in his office, Mr. Lewis said
he had just about total recall

possible if you insist. John of the events.

who risked their lives to

The initial reaction to his 400. Among them was a more so. white woman who, with tears

Bobby Kennedy, but we have

It is impossible to read this ers, to be allowed to eat at inspirational and hideous story of courage and cruelty without being moved. Blacks will read it with rage and the South. The ensuing years hrought Mr. Lewis an urremitting diet of violence and hatred from uniformed fellow and James Bevel and Diane Nash and his other comrades were schooled to Christian doctrine and the Gandhian philosophy of nooviolence. They showed major self-dis-

In the early, almost idyllic wielding state troopers and bers of the Student Nonfinally fractured in Selma, violent Coordinating Comwhere unarmed demon- mittee (of which Mr. Lewis strators, including children, eventually became chairman) created a political movement that was a model of political Mr. Lewis recounts all of activism. Everything was

Lewis was not supposed to "I can remember what be in Congress. He was people said and when things supposed to lose to Julian happened - a beating in Bood, who was taller, lighter Mootgomery, the reporters skinned and nationally famous. But Mr. Lewis is finishing his 12th year in the House, and he is a figure of book has been emotional. At consequence. Now that he the Atlanta Historical Center has told his glorious, harrowhe was greeted by a crowd of ing story he will be even

The Abrasion of Dissimilar Ideas, Or Thoreau's Special Synthesis

By Verlyn Klinkenborg

NEW YORK — Somehow a visit to Walden Pond doesn't really resolve the image of Henry Thoreau. What it does instead is clarify the contradictions, the disparities from which that image is

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shaped.

The light rising from the surface of the pond on a June afternoon reflects indiscriminately on the objects around it. The same was true of Thoreau's mind, no matter

MEANWHILE

how ill-assorted the objects be wrote about might have been. What harmony there is in Thoreau's thinking, I believe, came from the collision and eventual abrasion of dissimilar ideas, the struggle, as he might have put it, between the acorn and the chestnut obeying their own laws.

Thoreau's best work is the result of two very different hut complementary perspectives. One came about when he refused to pay his poll tax and was jailed in Concord for a night. Of the village and its institutions oo that evening, he wrote that he was "fairly inside of it."

The other perspective was, of course, the one he took when be chose to live fairly outside of Concord, in a small, hand-built house on a rise above Walden Pond.

Both stances, for that is what they were, were honored recently in a clearing on Pine Hill, just southeast of the pond, by a crowd that tocluded President Bill Clinton and Hillary Rodham Clinton. The occasion was the dedication of the Thoreau Institute and the permanent conservation of 96 acres of the Walden Woods, both brought about by Don Henley, the lead vocalist of the Eagles rock group.

The president and the first lady had come to Walden at Mr. Henley's invitation. So. too, had the professors who introduced Mr.

Henley to Thorean's writings, and so had Mohandas Gandhi's great-granddaughter and the test of the Eagles.

And so, most improbably of all, had Tony Bennett, who jogged out of the Walden Woods and onto the stage as if it were the Copacabana. He sang one un-accompanied verse of "America" and then trotted back into the arms of the waiting foliage. It was, naturally, an afternoon of disparioes, which the bright sun did nothing to dispel.

When the president stepped up to the lectern and leaned his arms across the top, I could not belp thinking of what Thoreau noticed during his night in jail — not the striking of the town clock or "the evening sounds of the village," but the fact that he had never "seen its institutions before."

I had never seen the institution of the presidency in person before, but the man on the stage stood deep within it, and he commented upon the distortion it created, remembering a time when he and his wife could walk in the woods without the experience seeming more real to observers than it did to the two of them.

It was a basic trope of Thoreau's mind to search for a point of view slightly higher than the one you could gain from the top of Pine Hill. He could not say what you might see from the very highest vantage point, but perhaps his own was high enough, "It is not many momeots," be wrote, "that I live under a government, even in this world."

I tried to imagine what Thoreau might have said about the tribute being paid to him from so deep withto a primary insolution of a government he barely acknowledged, but there were too many answers, all of them true and all contra-

The New York Times.

LETTERS TO THE EDITOR

Don't Kowtow

Regarding "China Has Made an Effort and Now Wants Its Reward" (Opinion, June 10) by David Sham-

baugh; While Mr. Shambaugh's list of good deeds by China is accurate, what he leaves unsaid may be more significant. Also, to make his suggested to invite consequences harmful to U.S. national interests.

China still has 1,100 forced labor camps with an estimated population of 6 millioo to 8 million, including many political dissidents and religious believers. Repression of Tibetans and Musi tinues unabated.

This larger picture should not be forgotten when the Chinese government releases a few prominent dissidents for political effect. China's willingness to sign the United Nations Covenant on Political and Civil Rights is a hollow gesture when China denies the right of self-determination to the 22 million people of Tai-wan. China claims it has a right to take Taiwan by force, even though Taiwan's people prefer

to keep their democracy.

Regarding international security, China joined the Nuclear Nonproliferation Treaty only after it had completed several nuclear tests in 1995 and 1996. China sold missile and ouclear weapons techno-logy to Pakistan, thus precipitating the ouclear tests by India and Pakistan.

To join the World Trade Organization, China needs to drastically reduce tariffs and opeo its markets. It has to make basic structural changes fo its economy to meet WTO standards. In 1997, the United States had a \$50 billion trade deficit with China. The Clinton administration is correct in insisting that China can join the WTO only on "commercially viable" terms.

The 1982 communiqué on arms sales to Taiwan is con-trary to the 1979 Taiwan Relations Act, which promises to Taiwan sales of weapons and services sufficient for its defense. Unlike a communiqué, this act is legally bind-ing on the U.S. government. To balance China's growing arsenal, the United States should consider selling Taiwan modern submarines and advanced targeting and mis-sile systems. A military im-balance will tempt China to attack Taiwan.

the two Koreas.
The United States must

JAY T. LOO.

Working Late

Regarding 'French Workaholics Beware: The Law Is Moving In" (June 12):

Corporate executives to France often stay beyond traditional office hours not bebut because they take lengthy lunches, which combine business with pleasure. They also concessions to China would be often choose to stay late to easily taken home. avoid the horrific traffic jams in and around Paris.

In addition, visiting colleagues and clients expect to be entertained in the evenings. It is not feasible for French executives to return home to freshen up beforehand.

Also, don't forget that as the global economy becomes cause they are workaholics a reality, executives oeed to remain in touch with the United States in the evenings. and records and files are not PETER M. LUTTERBECK.

Lugano, Switzerland.

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crisis, there are lots more people working in sweatshop conditions," said Lee Ji Soon, an economics professor at Seoul National University in South Ko-

rea. "We can get over this problem only

Mr. Lee said governments could belp by promoting free education to reduce child labor and work to combat income

disparities. But the only way to elim-

inate dangerous conditions and child labor, he emphasized, is to generate

There is no agreed-upon definition of

Mongkol Latlakorn, 36, a laborer do-

ing odd jobs in northeast Thailand, said

he worried about his youngest child,

Darin. She is working in a tiny swear-shop in Bangkok, making clothing. "It's dangerous work," Mr. Mon-gkol said. "There's lots of machinery,

and sometimes it catches her hands.

Twice the needles in the machines went

right through her hands. But the man-

agers bandaged up her hands, and both

times she got better again and went back

15, works nine bours a day, six days a

week, and earns the equivalent of \$2 a

day. That is a considerable sum in the

slums, where a meal of street food can

be had for about 25 cents, and it is more

than he earns from his odd jobs. So he

worries not so much about the pos-

sibility that Darin might get hurt as

about the risk that she might lose the

rumors that her factory might close,"

Some economists say the campaigns

'On issues such as safety standards

"It's better to have an unsafe job than no

Mr. Mongkol said that Darin, who is

a sweatshop, and so there is no way of

if Asia recovers from the crisis."

economic growth.

pages of Dickens.

to work.

INTERNATIONAL HERALD TRIBUNE, TUESDAY, JUNE 16, 1998

In the Asian Crisis, Even a Sweatshop Job Beats No Job at All

By Nicholas D. Kristof

JAKARTA — Just as pressure is growing in the West against the use of sweatshops in developing countries, the Asian financial crisis is spawning such desperation that more people than ever seem willing to take grim or dangerous iobs in these factories.

While economic misery and differing labor standards have long made sweat-shops more prevalent in the Third World than in the West, the trend had been toward improved working con-ditions. But now scholars and labor organizers say that in Asia the trend has sharply reversed, with the financial crisis forcing many workers to compete for jobs that a year ago they would have scorned.

A result is that increasing numbers of desperate workers are lining up to take precisely the kinds of jobs that are being roundly condemned in the West. In the slums in Indonesia and in Thailand, many workers even speak of sweatshop jobs — long hours at low wages in unhealthy conditions -- as their greatest aspiration.

Here in the Indonesian capital, Mrs.
Tratiwoon stood barefoot recently in the vast garbage dump where she makes a living scavenging through the rubbish and described her dreams for her 3-yearold son: She wants him to grow up to work in a sweatshop.

For Mrs. Tratiwoon, an uneducated woman who cheerfully gave her age as "20 or 30," the sweatshops in the area around the garbage dump lonk so ex-alted now — in the aftermath of the financial crisis — that she worries that a



"These are tough times," saya Mrs. Hanifa, left, who runs a dress factory in Indonesia that pays 35 cents a day.

job in one for her son might be too high an aspiration. "He's not going to get an education," said Mrs. Tratiwoon, "so I don't know whether he can ever get a

job like that." The campaign against sweatshops has gained momentum in the West in the

labor practices at the factories that churn out its shoes. Nike said it would raise the minimum age for new workers to 16, admit outsiders to inspect the factories and improve air filtration to meet U.S. factory standards.

But market forces in Asia are pushing

land encouraged workers to demand better conditions and more safety, while businesses were doing well enough that they could afford to improve conditions as a way of attracting laborers.

Now companies are trying to reduce costs to survive, and surging unemployment means employees have lost their leverage.

"As a result of the Asian economic

BRIEFLY

Ex-U.S. Embassy In Saigon Is Razed

HANOI - The building that came to symbolize the futility of the U.S. war effort in Vietnam, the former U.S. Embassy in Hn Chi

Minh City, is being demolished,
U.S. officials said Monday.

A consular official, Melissa
Foynef, said the demolinon started last Thursday and would take several weeks to complete. The United States is seeking a contractor to build a new consular office on the site of the old chancery, a jnb expected to take 12 to 18 months, she

The last U.S. personnel to leave what was then called Saigon were airlifted by helicopter from the roof of the eight-story building shortly before North Vietnamese troops took over the city on April 30, 1975, completing the Communist takeover of Vietnam. (AP)

Thai Monks Told To Halt Building

BANGKOK - The Thai government told senior monks Monday to halt construction of new buildings at Buddhist temples nationwide so their congregations would be less burdened by donations dur-

ing the current economic crisis. The unusual order, conveyed at a meeting at a religious center in a Bangkok suburb, was a telling indication of the depths of the crisis as well as the influence the Buddhist church holds over worshipers. About 90 percent of Thailand's 60 million people are Buddhists.

Swiss Deny Appeal On Marcos Funds

LAUSANNE, Switzerland -Switzerland's Snpreme Court on Monday rejected a final appeal aimed at halting the transfer from Swiss banks of assets belonging to former President Ferdinand Mar-cos of the Philippines.

The decision by the Federal Tribunal clears the way for the transfer to Manila of about \$270 million still frozen in Switzerland, pending the appeal by several foundations in Liechtenstein and Panama that were set up by Mr. Marcos to control the assets. (AP)

Jakarta Troops Fire in Air to Halt Protest

JAKARTA — Indonesian troops fired in the air to disperse protesters in Central Java on Monday after they stoned shops, residents said. They said the protest began as a peaceful demonstration to demand that the local mayor resign.

Defying an appeal last week by General Wiranto, Indonesia's military chief, for people to stop demanding resignations of government officials, protesters have taken to the streets with similar demands mestic affairs continued. throughout the nation's most popjulous island of Java.

"The protesters want the mayor of Tegal and the regent of Tegal to moval from office of the East Nusa resign," a shopkeeper in the town of Adiwarna in the Tegal regency said by telephone in what has become a

"In the past the protests have been done by university students, but today I think they were just common criminals out for a bit of looting," the shopkeeper, describ-ing Monday's most violent incident, said.

nearby had detained about a dozen ported from Jakarta.

daily small protests against alleged U.S. interference in Indonesia's do- Suharto appointee, with Major Gen-

Other small protests in the capital included a rally by eastern Indone-sian residents demanding the re- No Tenggara governor, a rally against the leadership of the ruling Golkar amid growing demands that Mr. party and a Christian demonstration

■ Suharto-Era Official Fired

President B.J. Habibie on Monday dismissed his attorney-general, who had been in charge of investigating alleged corruption during former President Suharto's 32 years She said that troops stationed in power, The Associated Press re-

eople,
A government statement said that
In the capital, Jakarta, the almost
President Habibie had replaced Soedjono Atmonegoro, a longtime eral Andi Mohammed Galib, who was the head of the military's law

No reason was given for the

Mr. Soedjono's departure comes



Suharto be directly investigated for Attorney General Soedjono Atmonegoro was replaced by the head of the military's law office. job at all."

BOOKS

THE SPICE ISLANDS VOYAGE The Quest for Alfred Wallace, the Man Who Shared Darwin'a Discovery of Evolution

By Tim Severin. Illustrated. 267 pages. \$25. Carroll & Graf.

Reviewed by Richard Bernstein

C EVERAL threads are woven together in "The Spice Islands Voyage," Tim Severin's account of a seafaring expedition in the Indonesian Archipelago. Severin, an Irish adventurer and travel writer whose previous books include "Tracking Marco Polo" and "In Search of Genghis Khan," had a traditional Moluccan square-rigger sailboat built in order to duplicate the 19th-century itinerary of the pioneering British naturalist

Severin and his crew then spent several months in the Spice Islands visiting the harbors, the nature reserves and the rain forests that Wallace visited, taking pictures, recording sightings of butter-flies and birds, checking out the environmental record and interviewing lo-

Most important, Severin uses this Thor Heyerdahl-like trip to resurrect the memory of Wallace himself, a man, the author says, who produced the break-ihrough insights that Charles Darwin used in formulating evolutionary theory: And so "The Spice Islands Voyage" is a kind of travelogue-biography, a bal-anced combination of historical re-enactment and contemporary adventure, written in straightforward descriptive, unself-dramatizing fashion. Severin's book is illustrated both by photographs and by a set of evocative ink drawings by Leonard Sheil that add considerably to the exotic mood.

Severin begins with Wallace himself, a fascinating, self-effacing genins whose life could easily sustain a volume or two by itself. Indeed, Wallace has been the subject of at least two biographics, both acknowledged as sources by Severin, and his relationship with Darwin has been chronicled elsewhere as well.

"This shy, gentle man was so decent," Severin writes of Wallace in his opening chapter. "He wandered through the islands of southeast Asia with good humor and incredible fortitude; he did no harm, and he left no bad taste."

In 1852, Wallace, while laid up with malaria in the middle of his long Moluccan sojourn, wrote a brief essay in which he summarized the concept of the survival of the fittest, which he correctly saw as "the long-sought-for law of nature that solved the problem of the origin of species." The essay made its way to Charles Darwin, who had been searching for the solution to that problem for two decades. When Darwin finally published "On the Origin of Species" a couple of years later, he gave credit to Wallace, who nonetheless faded, unprotesting, into relative obscurity.

Wallace had already been on one major expedition before his Indonesian journey, a voyage to Brazil, which ended badly when most of the bird and

insect samples he was carrying were lost tiful and most endangered species on the Islands, one of the world's major hotbeds of bio-diversity, rank among the major expeditions of scientific discovery. Severin, in tracing Wallace's itinerary, deftly brings to life both Wallace and his achievement.

He begins by having a boat of a type known locally as a prahu kalulis (which he named after Wallace) built by local craftsmen on a small island called Warbal in the Kei Archipelago. He sailed it for a thousand miles through the Seram Sea, stopping at Wallace's ports of call from the Aru Islands in the east to Snlawesi in the west.

He spends a good deal of time on several islands trying to sight birds of paradise, one of the rarest, most beau-

in a fire on the ship taking him back to planet. One subplot in Severin's journey England. But his eight years in the Spice is the detailed description he provides of the operation of the illegal trade in exotic birds, including birds of paradise. He sees them being captured. He visits the warehouses of the merchants who ship them illegally to collectors in Jakarta, Singapore and beyond.

Severin is well aware that Wallace, operating at a different time, shot birds of paradise and many other species so he could sell them and thereby finance his expedition. Severin also notes that the danger of extinction is far greater now than it was then. But his awareness of the persistence of a relationship between the world of nature and economic need is one of the things that give his historical reenactment its depth and interest.

New York Times Service

CHESS

By Robert Byrne

TISWANATHAN ANAND was V originally picked by Garry Kas-parov to contest a match with Vladimir Kramnik to determine who would challenge him for the world championship.

But Anand declined to take part because he had given his word to the International Chess Federation not to play in a rival match. Kasparov was not put off; he named Alexei Shirov to take Anand's place.

Anand was not retiring from the game. He has gone on winning tournaments as though nothing else mattered. His most recent victory came in the Madrid International Tournament.

Anand disposed of a dangerous opponent in the first round in Madrid by sharp, uncompromising play against Michael Adams of England. Anand showed once again that he cannot be intimidated by counterattacks.

Nimzovich's 4...Ba6 against the classical Queen's Indian Defense aims to wring some concessions out of the opponent by attacking the c4 pawn. Thus, 5 Nbd2 puts this knight on a less ambitious square than Nc3, while 5 Qa4 often leads to a waste of time bringing

QUEEN'S INDIAN DEFENSE 20 Ract 21 e3 22 t3 23 gf 24 e4 25 Kht 26 Rgi 6 Bg2 7 Bd2 8 0-0 9 Qc2 to Bg5 tt Nc3 t2 Qc3 13 b4 33 Rg3 34 Ng4 35 Bg5 36 Nf6

t7 Nd2



the queen back later. Currently the popular opinion is that 5 b3 is the most efficient way to do the job, even though

it weakens the el-a5 diagonal.

Black is not squandering time when he plays 7...a5, because the a pawn can later be useful hindering a white queenside advance with b4 and b5. The positional pawn sacrifice with

14...b5 is based on immobilizing the white queenside pawns and giving Black a grip on the central light squares. Besides, Black thinks that in the long run he might well recover his material, too. After 22 f3, Adams might have tried to get his pawn back by 22...Na8; the situation would not be clear after 23 e4

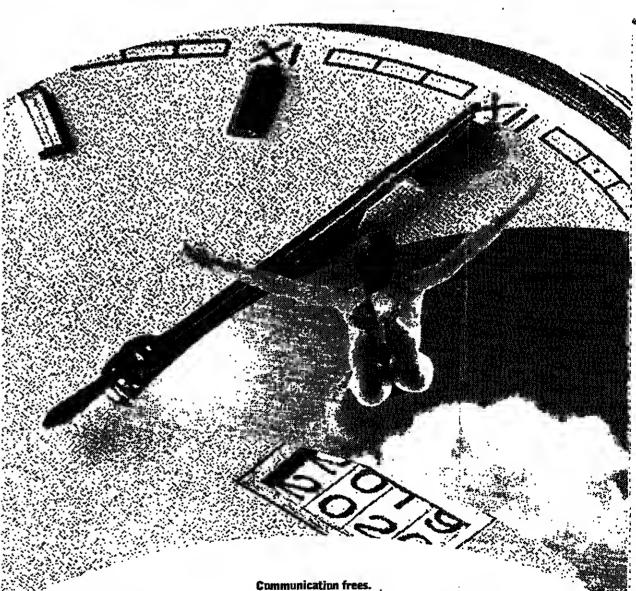
counterattack with 22...f4 23 gf Rf4. Anand's 34 Ng4! was an ingenious way to resolve the tactical complexities of the position. If 34...Nf3, then 35 Nf6! Rf6 36 ef Nh2 37 Kg2 Ng4 38 Qg6 will win for him. Also, in this line, 36...Nd4 37 Qf2 Nf5 38 Rg7 Ng7 39 Qh4 is lost

Ne7. Instead, he aimed for kingside

for Adams. So, Adams tried 34...Rf3, but after 35 Bg5! Rg3 36 Nf6! gf 37 Bh4, he had no

The last desperate 37...Rg4 38 Bf6 Ne3 was crushed by Anand's 39 Rc7! If 39...Nc2 40 Rd7 Nd4 41 b6 Nf3, then 42 Rg7! Rg7 43 Bg7 Nd4 44 b5! forces the promotion of the b6 pawn. Adams

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CHINA: Recollecting Wartime Ties With U.S.

Continued from Page 1

worrisome trend of anti-Chinese sentimeot within the United States.

China has also emphasized the alliance against Japan because it is concerned about Washington's recent efforts to strengthen its defense relationship with Tokyo.

Improving U.S. ties has also become important to President Jiang Zemin. With present, Mr. Jiang has focused on making stronger ties with the United States his

political legacy, Chinese analysts say.

Indeed, Mr. Jiang's first stop on his whistle-stop tour of the United States last October for a summit meeting with President Clinton was the U.S. battleship Arizona, where he laid a wreath for the seamen killed in Japan's raid on Pearl Harbor. Throughout his trip, he emphasized - to the point of exaggeration — the similarities in American and Chinese history, from their battles with colonial powers to their

ed and lost the Korean War, in the Chinese version. It started and lost the Vietnam

Its success in the Gulf War was due to President Saddam Hussein's failures. It was still a paper tiger. But in the middle 1990s two organizations appear to have led the charge in changing the way American power is viewed in China: the People's Liberation Army and the United Front Department of the Chinese Communist Party.

In recent years, the army has lauoched a full-scale re-evaluation of China's foreign policy history since the Communists took power in 1949 and banished the Nationalist government to Taiwan. An army-backed publishing house has suggested the Korean War actually was started by North Korea, heretofore a heresy in Communist China. The United Front Department is in charge of co-opting friendly or ocutral powers in China's march to world power status. Chinese newspapers these days are

sprinkled with news of U.S. airplanc fragments being found in mountains and lakes in southwestern China. American and Chinese soldiers have dug — sometimes successfully - on mountains and in ravines for the bones of long-dead Americans

over the past few years. Chinese historians have written extensively of the American help given to China during World War II. One recent TV program reported that Zhang Aiping, one of the last surviving marshals from China's the return of Hong Kong accomplished by his predecessor, Deng Xiaoping, and the recovery of Taiwan an impossibility at recovery of the recovery of ican pilots inside his guerrilla base in the

One person who looks with some humor at China's renewed interest in history has been Colonel Disosway, the American who was shot down over Xinxiang. Now 88, the lanky former pilot retired from the air force in 1968 as a four-star general, having served as the commander of U.S. Air Forces in Europe and as head of the Tactical Air Command. Chinese officials found him earlier this year, and in February a state-run newspaper printed a letter he wrote thanking his former allies.

Uotil the 1980s and in fits and starts in the 1990s, the United States was portrayed in China as an imperialist power, seeking global domination. The United States started and lost the Korean War in the China

ney would have shot them, too. 'Back in Xinxiang, Mr. Wang has fond



General Disosway greeting Prime Minister Yen Chia-kan of the Republic of China at a U.S. base in 1967. In 1945, the general was rescued by Chinese peasants.

memories of the American pilot. He hints that his father was punished after the Com-munist revolution for helping the American pilot and for owning land. Bot those days, he said with a sad smile, are past.

"My father told me and my hrother to study Disosway." Mr. Wang recalled. "We did that. He was a good model. A courageous fighter. A man not afraid to die, to die even for China."

Russian Cash Plight May Undo Plans to Junk Mir

that the Mir space station would start a descent this week in preparation for being destroyed in Earth re-entry, Russian space officials said Monday they lacked the money to complete such a maneuver.

The Itar-Tass press agency initially quoted Viktor Blagov, deputy head of Mission Control Center, as saying that a cargo ship attached to Mir would fire its engines Thursday to lower the station's orbit by about six kilometers (four

MOSCOW — Hours after announcing pected because the space agency cannot the ocean.

afford a replacement cargo ship.

That would use up all the present cargo ship's fuel, leaving oone for the descent engine firing. Even without such a ma-neuver, Mir will most likely lower its orbit to the same degree early oext month, Mr. Blagov said. But the cargo ship engine firing could provide more control

over the descent. Several cargo ships, docked to Mir oce at a time, are supposed to push the space station down from 400 kilometers above

remain linked to Mir for longer than ex- few large fragments are likely to fall into

Yuri Semyonov, head of the state-run RKK Energiya corporatioo that huilt Mir, had said earlier that Russia might be forced to discard the station as early as this fall because of the cash shortage. Mr. Semyooov said last week that the

government owes Energiya 440 million rubles (\$70 million) from last year and has oot paid any hills so far this year.

According to Mr. Blagov, Russia would oeed four cargo ships to lower Mir's orbit gradually and a fifth ooe, with Several hours later Itar-Tass quoted

Mr. Blagov as saying the cargo ship must

Sautoo down from 400 knometers above a large amount of fuel, to give the statioo a final push out of orbit.

129-year-old partnership had beeo circu-

lating for mooths. Since the 1970s, all of

the other major Wall Street hrokerage

houses have abandooed the partnership

Goldman is oot expected to move heav-

ily into retail operations as a result of going

RAMALLAH, West Bank - Palestinian lawmakers accepted oo Monday.

BRIEFLY

Israel Sets Conditions

For New Withdrawal

JERUSALEM — Israel will not agree

to withdraw from more of the occupied

West Bank until it knows precisely how

much land it will have to hand over to the

Palestinians before the start of final

peace talks, a high Israeli official said

David Bar-Ilan said Israel could not

go through with a U.S.-proposed pullback, whose extent it has already rejected, until it also had an agreement on

the terms of the subsequent West Bank

Muslim Insurgents

Murder 8 in Älgeria

final settlement.

paper reports.

This would precede negotiations on a

ALGIERS - Muslim rebels ont the

throats of eight people overnight, the latest deaths in Algeria's unremitting

plague of armed violence, government

security forces said Monday.

The massacre brought to at least 180

the oumber of people, including mi-litiamen and further civilians, killed

around the country in the last nine days.

according to security forces and news-

Palestine Legislators

Yield on Arafat Vote

President Yasser Arafat's request to delay a co-confidence motion and give him 10 days to form a new cabinet.

The 88-member Palestinian Legislative Council demanded Mr. Arafat reform his administration to end alleged corruption and misrule or face a possible first oo-confidence motion since elections two years ago.

Mexico to Investigate Deaths in Army Kaid

SAN CRISTOBAL DE LAS CASAS. Mexico - A federal human rights official has promised to investigate a police-and-army raid oo pro-rebel villagers that resulted in oine deaths,

At a news conference, Adolfo Hernandez Figueroa said the National Human Rights Commissioo had opened an investigation and he urged no re-

taliation for a peasant protest.

He urged that rough treatment he had received at the hands of grieving peasants in Unioo Progreso not be used as an

excuse for more police action.

More than 1,000 angry Indians surrounded the team from the Rights Commission, which had come to deliver the bodies of eight people killed in military, and police raids oo two villages and a

GOLDMAN: Securities Firm Is Giving Up Its Partnership Structure to Sell Shares to Public Rumors that Goldman would end its

Continued from Page 1

do we do acquisitions without having to pay for it in cash, "said David Menlow, presideot of IPO Financial Network, a company in Springfield, New Jersey, that estimates prices for upcoming initial public offerings of stock.

it could swap shares for other coocerns. "This is about having a corporate-finance currency to work with," he said, adding that if the partners were only interested in turning their stakes into cash the firm would be selling more than 15 percent of its

A related issue is that when partners

they are the only holdout." A regular cor-porate structure would free up the company's capital, he said.

As a partnership, Goldman must pay cash or borrow money to huy other companies, Mr. Menlow said. With its owo stock, of Lipper Analytical Services, which analyzes mooey managers and brokerage firms. "Remember," he said, "that a partner, any partner, can sign for the part-nership and therefore make each of the other 189 partners liable, and this is a leveraged business."

Yet, while the liability issue created a retire, they can only pull their investments reluctance to expand the number of part-

out of the company gradually, according to oers, Mr. Lipper said, 190 was insufficient to cootrol a company with 11,000 em-Columbia University Graduate School of Ployees spread over 20 countries. He said Business, "The truth is, this is a long time 600 would be a more appropriate oumber, coming," he said. "It is not an accident that trader led to the demise of the British investment bank Barings ING.

A corporate structure "may also be important for compensation," Mr. Lipper nership might now entice "the best of the best" to work there, there are relatively few positions available to dole cut as positions available to dole out as rewards for op-and-coming executives.

Under a corporate structure, many employees can receive stock options and directly hold stakes in the company, Mr.

public.
"A retail branch network has certain benefits, but potential disadvantages," said

ded by account executives," he said, adding that brokerage fees have been falling and could cootinue to erode.

A more likely expansion route for Goldman would be to acquire an asset management company, Mr. Muranyi said.

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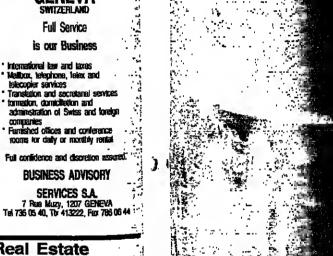
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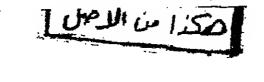




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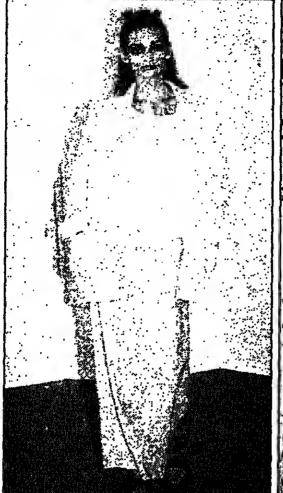
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From left, Lacroix's striped, burned-out sweater and cropped pants; Chanel's shirt-jacket, long skirt and sandals; Tomas Maier's drawstring-side swimsuit, and Rykiel's viscose wrap-dress and pants.

The Cruise Lines Are Sailing Into Calm Waters

By Suzy Menkes nternational Herald Tribun

ARIS — With less flesh on show, simple lines and complex fabric research, the cruise lines are sailing elegantly toward a state of fashion grace, These between-season shows used to be

about an outdoor, seashore sportiness. But although they still offer easy pieces, the clothes shown by the Paris designers are womanly and play down the all-action androgyny of shorts and sneakers.

The importance of dresses and skirts (especially long ones) is the story of the season. For pants to hold the fashion stage

they have to be different - like Chanel's long, soft styles or the cropped pants that both Christian Lacroix and Sonia Rykiel showed with dainty shoes.

Chanel's collection was so relaxed and roomy that it seemed far from the chic world of couture and its logo-land. Sure there were some of those famous initials

- if you looked right down to the Birkenstock-style sandals. But the unconstructed square jackets, sloppy shirtdresses and floppy pants did not carry Karl Lager-

feld's usual lean, pencil-sharp silhouette. The idea behind the collection was smart; to make the clothes hig, but superlight in weight, That meant an airy white mesh sweater or a translucent overshirt worn with a houndstooth-check shirtjacket and long skirt.

"No overweight luggage," said Lager-feld, backstage with his muse, Amanda Harlech, whose hig white cotton shirt worn over a flounced 1930s flea-market dress might have inspired the floaty and droopy fabrics. They introduced an uncomfortable neo-hippie note, as cheap-looking denim was mixed with camellia-printed voile and space-age metallic belts.

The question is whether Chanel customers are ready to drop the big Cs for the big ease. Worn by tall skinny models the shoes. (including Jodie Kidd) with weird tufted hairdos, the clothes had an otherworldly

feel that used to characterize Lagerfeld's own-label collection. But there is no doubt that Chanel's pastel suits have had their fashion day. And hy playing with pro-portions, Lagerfeld made striped cashmere tank tops and long wrap skirts

Lacroix didn't do anything too complicated for his cruise line - except for the inventive fabrics. Intriguing effects were created on the simplest clothes: plain T-shirts that had a printed pattern burned out and then flocked; jackets with crocodile markings; prints as paint splashes in sweet pinks and mauves; or molecules, some computer-enhanced, swimming across the surface.

In contrast to the scientific side, a lace theme also ran through the show, from the tiny tops, through tulip skirts flipping out below the knee and including lace inserts on long dresses and even lacy patterns on

merry matelot sweaters she launched 30 years ago were reworked as a striped sweater set, with cropped top, cardigan and wrap skirt, or as a tricolore top with sheer and solid stripes. A French beret inevitably gave the final Gallic touch.

"it's about selling clothes with few accessories — it's all very calm," said Rykiel of a collection of softly tailored pieces, with long, printed-viscose dresses showing the designer's romantic side.

OTHING shows the new mood better than the changing face of swimwear. With his first collection of beach wear, Tomas Maier showed the product of some serious research — not least into the minds of women who know that to dare is no longer

generation of poolside After a striptease, from topless swimsuits, Marcus in the United States and Harvey through high-cut maillots and minimal Nichols in London have already placed striptease, from topless swimsuits, Since the body-hanging sweater is a hot item, Sonia Rykiel is in her element. The Using lightweight polyamide and elastin suits into fresh waters for the new century. hikinis, Maier's take seems revolutionary. orders, Maier's new look may steer swim-

he has created asymmetric swimsnits, some with tiny overskirts or shorts that use drawstrings to ruche up or let down the sides. The result is graceful, deceut and charming — not words that have been associated with swimwear since Brigitte Bardot touted the itsy-bitsy-teeny-weeny hikini 40 years ago.

"I like to do things that really work that are constructed in a very contemporary way from the inside," Maier said. But a garment has to embellish you so that you put something on and feel good in

Maier has designed swimwear for Her-mes, as well as Revillon furs and Rykiel menswear. In his new line, there are a handful of styles in simple colors like beige, black and white, with a splash of

azure and orange.
Since Bergdorf Goodman and Neiman



Daniel Richard, president of Sephora: "This store is about liberty and permissiveness - people can spend an hour here without buying anything. We are about luxury that is accessible."

Liberty and Luxury, for Browsers and Buyers Alike

By Suzy Menkes tional Herald Tribun

ARIS - Outside on the Champs-Elysees the orange-clad Dutch fans and the tartan-kilted Scots are roaring and waving. Inside, eyes are fixed on a round object - a perfect sphere filled with amber liquid.

Amber liquid? This is a soccer ball? It is a far better thing to the World Cup widows - the sports addicts' partners, wives and companions who have found a way of filling the lonely bours of match play. Sephora, the beauty supermarket, has become their second home.

This is a temple where everything is permitted," said Daniel Richard, president of Sephora, as he gestured to the black-and-white striped pillars, the black-clad serving staff and the alphabetical line-up of fragrances and colorful cosmetics filling the vast 14,000-square-foot selling space.

This store is about liberty and permissiveness — people can spend an hour here without huying anything — that's not a problem," Richard said. "We are about luxury that is accessible."

Sephora is a phenomenon — especially in Paris, where the manicured sales staff with impeccable makeup and immovable over beauty counters.

The Sepbora chain - which is about to break into the American market with a store opening in New York's SoHo next mouth - has overturned all the accepted ideas about selling beauty by empowering the consumer. It stocks mass-market fragrances beside the top brands like Chanel and Estee Lauder. It allows you to play like a kid with fragrance testers and the banks of lipsticks and eye shadows.

As you move freely among the perfume, makeup and bath and skin care zones, nobody squirts you, gives a hardsell spiel, offers you a gift with purchase or utters that ominous phrase: "May I help you, madam?" Yet there are staffers at every turn, dressed like high priests in long dark clothes. ("A bit religious, a bit Egyptian, as if they were offering rites in a

cathedral" Richard said.) The glamorons belp-yourself store, with its licorice-black interior, red carpet and poetry written on the pillars, was started by the Frenchman Dominique Mandonnaud. Last year, Bernard Amault, president of LVMH (Moet Hennessy-Louis Vuitton), made him an offer he couldn't refuse, and Sephora is now in a period of fast and vast expansion. There

embourg, with 10 more scheduled for France in 1998, and seven in Spain, where a new 20,000-square-foot store opens in Barcelona in September.

In the United States, 14 stores will be rolled out in partnership with LVMH's duty-free unit, DFS Group. In 1997, Sephora's annual sales figures rose 25 percent to 1.45 billion francs (\$240 million). In fact, so satisfied is Arnault with his purchase, that be has just invested in Marie-Jeanne Godard, a 75-strong French perfamery chain.

The enthusiastic and unconventional Richard, with his lion's mane of hair, has been at the helm for nearly a year. There is no need to ask him why people are flocking to the stores. The temptation starts with the open entrance: You don't so much go into Sephora as amble through an open space from the street. And even if the customers are predominantly female, young men are there too.

"A man knows nothing about cosmetics and he is ashamed of his ignorance," said Richard. "Here he feels free. And whereas the traditional perfumers treat you like a handicapped person, this makes the clients feel more intelligent.'

Richard has hardly touched the Sephora

working on the idea of an alternative chain. focused on ecological skin-care products,

in which the interiors would be all white. How has he persuaded the status-conscious beauty houses to cooperate? There has been some resistance from traditional suppliers (Guerlain has refused), espe-cially when Sephora's private-label products were displayed alongside the big names. But the industry has been awed by the volume of sales and the fast growth. The number of stores is expected to go

hairdos traditionally hover like vultures over beauty counters.

are 57 shops in France and one in Lux-concept since he arrived, although be is embourg, with 10 more scheduled for concerned that it may date and is therefore with a customer profile far younger than in

most beauty departments.

The World Cup is an added bonus. Even before the kickoff, Sephora was pulling in 55 million customers à year, with 10,000 a day on weekends in the flagship store There is only one fly in the facial oint-ment: Under French law, the store is obliged to close at midnight, while the Champs-Elysees crowd is still whooping. "I'm worried that it is going to get too husy for comfort," said Richard. "Now if we could only open 24 bours a day."

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Continued on Page 18

Section 1

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'Chainsaw Al' Gets Fired

Sunbeam Lays Off Dunlap for Failing to Deliver

Compiled in One Staff From Deputetion

MIAMI -- Al "Chainsaw" Dunlap, a turnaround specialist legendary for cutting thousands of jobs from corpo-rate payrolls, was fired by the appliance maker Sunbeam Corp. for failing to deliver on earnings pledges, the com-nany said Monday

pany said Monday.

Mr. Dunlap, who took over Sunbeam two years ago and slashed thousands of jobs, was fired because the board "lost confidence" in him just three months after he signed a new three-year contract. "We lost confidence in his leadership and his earnings forecasts," said Peter Langerman, Sunbeam's new chairman. Mr. Dunlap's attorney said his client was not available for comment. not available for comment.

· Sunbeam said it expected to fall significantly short of 1998 earnings forecasts of \$1.00 per share. The shares hit a 52-week low of \$18,0625 on Friday. They closed at \$15.75 Monday, down

"Wall Street has lost patience" with Mr. Dunlap, said Joe Kinnison of American Express Financial Advisors.

. Mr. Dunlap's contract calls for him to get \$2 million a year through January 2001 and benefits including a country alub membership in the event of his dismissal. Mr. Langerman said Sunbeam had not paid any severance to Mr. Dunlap and that issues surrounding his contract had been turned over to lawyers.

Mr. Langerman is chief operating of-ficer of Franklin Mutual Advisers, the investment adviser to Franklin Mutual Series Fund, Sunbeam's largest share-holder, with a 17 percent stake.

Jerry Levin, executive vice president of MacAndrews & Forbes Holdings and the former chairman of Revion Inc., was named chief executive of Sunbeam.

Mr. Dunlap's announced plans last month to slash 6,400 jobs as Sunbeam consolidated ownership of Coleman Co. Inc., Signature Brands USA Inc. and First Alert Inc. Previously, Mr. Dunlap cut jobs and lines of business at Scott Paper Co., Lily-Tulip Inc. and Consolidated Press Holdings Ltd., an Australian TV and magazine empire.

Mr. Levin said Monday the planned

cuts at Sunbeam were being reviewed, but he said he supported the concept that Mr. Dunlap had developed of getting more parts from outside companies.

But he questioned whether Mr. Dun-

lap's centralization of Sunbeam's operations would work. "My feeling is that for Sunbeam, which has multibusinesses." he said, "it won't work."

Mr. Langerman said Sunbeam was 'fundamentally better' than it was two years ago when Mr. Dunlap first took over and faced no liquidity problems, but had put on hold a \$1.7 billion loan syndication it had been negotiating with bankers. (Reuters, AP. Bloomberg)



A dealer calling an order Monday in Tokyo, with dollar at 146.42 yen.

U.S. Stocks Plummet On Asian Spillover

Wall Street Sees Profit Threat in Lower Exports

NEW YORK -- Stocks fell sharply Monday, with the Dow Jones industrial average losing more than 200 points after currencies and equity markets in Asia tumbled, threatening profits for U.S. exporters and banks that lend in the

Minnesota Mining & Manufacturing Co. and J. P. Morgan & Co., which both do business in Asia, led the Dow Jones industrial average down 207.01 points

On Friday, the 30-stock Dow index rallied late in a burst of bargain-hunting that wiped out a 127-point slide and halted a three-day losing streak.

Broader indicators also suffered hefty losses as the dollar rose to an eight-year high against the yen, spurring another series of steep declines on foreign equity markets.

The Standard & Poor's 500-stock in-dex slid 21.83 points to 1,077.01, and the Nasdaq composite index, dominated

by computer-related companies, slipped 29.30 points to 1,715.75.

The declines in the indexes reflected a steep slide in the broad market, where declining stocks outnumbered advan-cing ones by a 3- to-1 ratio on the New York Stock Exchange.

Asia's deepening slump raised con-

cern that U.S. corporate profits will not meet expectations for more than 10 per-

Mr. Courtis charged that "the constant reassertion by the United States that it

wants a strong dollar is a permanent

telegram to the rest of the world" that it

would act to strengthen the dollar at the

The aim of U.S. monetary policy-makers was to hold down inflation and

interest rates in the United States, Mr.

Courtis said, while "the weaker yen is a

strong plus for Japan" since it makes

Japanese products easier to sell

The United States and Japan "are locked into a dance that has the effect of

destroying the rest of the world's econ-

expense of other currencies.

cent growth in the second half fo companies in the S&P 500. Analysts expect operating profits fo the companies in the S&P 500 to grov 4.7 percent this quarter, down from: forecast of 12.9 percent at the beginning

of the year, according to First Cal Corp., which tracks analyst estimates. "It's just going to make it that much more difficult for us to export, and it's going to make our profit outlook ever weaker," said Mark Tincher, chief investment officer for equities at Mitchel Hutchins Asset Management Inc.

The firm is raising its cash boldings is many mutual funds to between 10 percent and 12 percent, from less than 5 percent, Mr. Tincher said - effectively registering a vote of little confidence it

But some investors say a sustained bear market in U.S. stocks is unlikely hecause investments there still look attractive compared with most of the rest of the world.

'If you want to own financial assets, and you want to own market where you don't have political risk and currency risk, the U.S. is the place to go,' said Philip Schettewi, chief portfolio strategist in the Washington office of Loomis Sayles & Co.

Computer-related stocks, which

See MARKETS, Page 14

omy," Mr. Courtis said. "Japan should be cleaning up its banks and dereg-ulating." In the drive to unload yen, Japanese are now showing a clear pref-erence for foreign rather than Japanese stocks and bonds, the finance ministry

Moody's Investors Service Inc. has dowograded its triple-A rating for yen-denominated government bonds and its

triple-A country ceiling for long-term foreign currency bonds from stable to

negative.
Investors in April paid 1.83 trillion yen, a monthly record, for foreign stocks, according to the ministry.

Thinking Ahead /Commentary

Y2K Bug: Don't Panic

By Reginald Dale International Herald Tribune

ASHINGTON - Just like the advent of the first millennium, the approach of the year 2000 is bringing dire predictions of disaster, Doomsayers are warning of aircraft falling from the sky, riots, fam-ine, martial law and stock market

This time, however, the warnings are based not on superstition but on hard-headed analyses of the potentially devastating effects of the so-called millennium bug—the inability of computers to recognize the year

century. less computer software systems and millions of chips em-bedded in "intelliproducts around the world are likely to shut down or go haywire on Jan. 1, 2000, jeopardizing basic services from

electricity and water supplies to transport, health care and telecommuni-

A few scattered optimists still ar-gue that the problem has been grossly exaggerated, and it is true that some of the worst-case scenarios are overly hysterical. But most experts insist that it is now too late to avoid serious disruptions.

Several bundred professionals surveyed by the Washington D.C. Year 2000 Group rated the impact of the problem on the United States at an average of just under five on a scale of zero to 10 — with 10 representing the collapse of the U.S. government and

possible famine.

A rating of five signified mild recession, isolated food, fuel and power shortages, disruption of transport services such as trucking and air travel and runs on banks. Some people, however, fear it will be much worse.

Edward Yardeni, chief ecocomisi of Deutsche Morgan Grenfell, told a recent conference organized by the Center for Strategic and International Studies in Washington that there was a 60 percent chance of a severe global recession and that Wall Street could fall by 30 percent next year.

Much will depend on how far gov-eraments and private businesses suc-

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Sources: ING Bank (Arristerdam), Cera investment Bank (Bri Sources: ING Bank (Arristerdam), Cera investment Bank (Bri Sources: ING Bank (Arristerdam), Cera investment Bank (Bri

ceed in defusing the time bomb over the next 18 months. Nobody, bowever, believes that all the errors will be corrected - not even in the United States, which leads the world

in tackling the problem. Most other countries are far behind. Instead of giving priority to the millennium bng, Asia is largely fo-cusing on resolving its financial crisis and Europe on introducing its single currency, the euro. Many developing countries are hardly aware of the

Even companies and government departments that think they have made the necessary technical adjustments will be vulnerable to disrup-

to avoid serious disruptions but not too late for a

extreme scenarios to take the sensible precantions most experts now recommend. Businesses, for in-stance, should assign few precautions. top managers, not just technical experts, to the problem, draw up contingency plans for coping with systems failures and postpone

complicated operations like accounting changes.

Much of the same applies to governments, which have the added re-

sponsibility for heading off military disasters, such as might be caused, for example, by false warnings of nuclear missile attacks.

BOVE all, political leaders urgently need to explain the risks and activate coordinated responses. In the United States, there is widespread amazement at the silence of Vice President Al Gore, the administration's top computer geek, whose hid for the presidency in the 2000 elections could be at stake.

There is no need to take to the hills, There is no need to take to the hills, as some survivalists are urging. But the Central Intelligence Agency is advising its employees to pay their hills early in December 1999, keep cash on hand and lay in extra hlankets. And many people, whether they are superstitions or not, probably won't want to be in a plane as the millennium dawns. lennium dawns.

E-mail address: thinkahead@washpost.com

CURRENCY & INTEREST RATES

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June 15 Libid-Libor Rates

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said Yoshi Murakami, who was chan-By Don Kirk ging some of his savings at a local International Herald Tribune branch of the Dai-Ichi Kangyo Bank.

Everybody is thinking of buying dol-

Although the April statistics showed the yen crisis had been building for

months, some analysts still blamed the

U.S. treasury secretary, Robert Rubin, for adding fuel to the flames Thursday

by saying that it was essentially up to the Japanese to solve the yeo problem.

"America is standing aside while Ja-

pan devalues its currency," said Kenneth Courtis, chief economist for Deutsche Bank Group Asia and Pacific.

TOKYO - Holders of yen are shipping funds out of the country and converting them into Western currencies al

ation of the foreign-exchange market on April I that made it easier for individuals to convert yeo into dollars and has been

to convert yeo into dollars and has been picking up speed in the last few days as the yen depreciated, analysts said.

The net outflow of equity and bood investments for the month of April alone reached 3.74 trillion yen (\$26 billion, according to figures refersed Monday by the Finance Ministry, it was the highest mentals. the highest monthly outflow since the ministry began recording securities investment figures in 1980.

The money has been pouring out of here," said Brian Harris, a consultant for Merrill Lynch Japan. "With interes! rates at I percent, there's no interest in keeping money in the country."

The Finance Ministry issued the

April figures as the yen continued to plummet Monday against the dollar, breaking through the 146 yen level and helping push down stock prices throughout Asia throughout Asia.

financial doldrums.

The cycle began on the day currency controls were liberalized, which was the same day the Bank of Japan said that "the naoon's husiness sentiment had worsened across the board." It accelerated on Friday after the government conceded that Japan was in recession --a fact most economists had assumed for some time - after the economy contracted for two consecutive quarters.

The natioo's gross domestic product shrank 1.3 percent in the first three months of this year from the previous quarter — an annual rate of 5.3 percent analysts.

Another factor in the eagerness of Japanese to unload yen is that the Bank of Japan is holding interest rates low, which removed incentives for keeping yen-denominated funds even before the yen began its sharp daily decline last

"Nobody wants to buy yen now,"

P.M. Ch'ge

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London 284.10 285.25 –0.8
New York 287.40 296.40 +113
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(June)

Japanese Rush to Convert Yen to Other Currencies

an unprecedented rate, foreign analysts and Japanese officials said Monday.

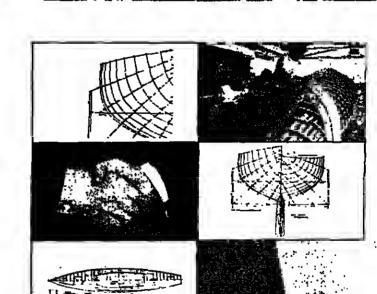
The flight began with the liberaliz-

The desire to get rid of yen appears to be part of a vicious cycle: This flight of capital diminishes confidence in Japan's ability to bolster its economy, encouraging yet more money to leave the country and making it more difficult for Japan to extricate itself from its

that surprised even the most pessimistic

Private Banking Internationa

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Confidence Waver

'ery briefly:

The Canadian dollar fell to its lowest level against the U.S. illar since it became the country's currency in 1858 on ncern that slumping Asian economies will cut demand for inadian commodities. The dollar dropped to a record 67.92 lowing it to sell freely to an already oversupplied market.

Abi: bi-Consolidated Inc., of Canada, the world's largest wsprint maker, shut 11 of its 18 mills after union workers ant on strike in a bid to restart stalled contact talks. General Motors Corp. said that the number of workers

led because of parts plant strikes rose to 56,200 from 50,900 the end of last week, although no new assembly factories ere shui down. Negotiations resumed at two General Motors uts plants in an effort to avoid a virtual shutdown of the Homaker's North American assembly operations.

Mattel Inc., the world's higgest toymaker, will buy Amer-in Girl doll maker Pleasant Co. for \$700 million.

Charter One Financial Inc. agreed to buy Albank Fincial Corp. for SI billion, making it the biggest thrift in the

KeyCorp agreed to buy McDonald & Co., an investment ink, for \$721 million in stock and cash, Bloomberg, Reuters, AP

Weekend Box Office

LOS ANGELES - "The Truman Show" dominated the

5. box office over the weekend, with a gross of \$20.1 million. dlowing are the Top 10 moneymakers, based on Saturday's thet sales and estimated sales for Sunday.

: The Trumon Shaw	(Paramount)	\$20.1 million
2 Sir Cays Seven Hights	(Touchstone Pictures)	\$16.0 million
7 A Pinted Vurter	(Warner Bros.)	\$11.2 million
A Continerally West	(Columbia Pictures)	\$8.2 million
/ Gasante	(Trister)	\$6.5 million
s Hase Flagts	(Twentieth Century-Fee)	\$5.1 million
Gees Im: 07	(DreamWarks Pictures)	\$4.4 million
7 The Harse Ahisperer	Touchstone Pictures!	s3.9 million
Dete North	'MGM)	\$3.6 million
12 Private	(Twentieth Century-Fox)	\$1.2 adilion

O.P.M. New York time.
ange year 10 date %change
1,79 + 7.67
2,71 - 21.45
1.53 + 16.10
1.77 + 11.81
2.81 - 20.26
1.48 + 12.10
1.22 + 6.95
0.92 + 3.94
2.22 + 6.87
3.95 10.41
2.50 + 17.36
2.74 + 11.62
1.68 - 2.68

AMEX

The 200 most traded stocks at the day. up to the closing on Wall Street.

517474 - FREEHAUT WARREN WARRE PROBLEM OF THE STATE OF THE STA

Nortel to Buy Bay Networks in Stock Deal

TORONTO - Northern Telecom Ltd. said Monday it would buy Bay Networks in a stock deal worth \$9.1 billion, confirming a long-expected takeover of the data oetwork-

ing company. The companies said their combined businesses would provide in- Massachusetts. tegrated networks that will carry voice, data and video.

Northern Telecom, or Nortel, will exchange 0.6 share for each Bay share, valuing Bay at \$38.21 a share based ou Northern Telecom's closing price Friday of \$63.6825 in New York. That is 35 percent more than Bay's closing price of \$28.3125. The purchase gives Nortel a

broader line of computer-networking equipment and distribution channels as it seeks to increase its share of a fast-growing market.

NEW YORK — Crude oil sank

more than 7 percent Mooday to its

lowest price in 12 years on expec-

tations that export sanctions against Iraq could be lifted this year, al-

Crude for July delivery fell as

much as 91 cents, or 7.2 percent, to

\$11.67 a barrel in trading on the New

York Mercantile Exchange, the low-

est for a contract closest to expir-

ation since August 1986. Prices are

as low as \$12.18 a barrel, down 23

cents or 1.7 percent, on the Inter-

cutbacks among 17 nations that began in April failed to lift prices as

planned. Although some nations

will emhark on a secood round of

cuts next month, many traders said

they were not enough, and prices

The bearish mood was deepened

by an apparent improvement in re-

lations between Iraq and the UN.

disarmament issues by August.

Dow Jones

AMEX

AMEX

exports as soon as October, af-

U. S. STOCK MARKET DIARY

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Market Sales

have continued their slide.

In Londoo, the July contract fell

A round of production and export

down 32 percent so far this year.

national Petroleum Exchange.

tems Inc. and 3Com Corp. cut into shares to close the acquisition.

its profits. analyst with market-research firm in 150 countries. Forrester Research in Framingham,

1999 earnings, before acquisition-related costs. Nortel also said it saw William Becklean, an "substantial" revenue growth from

substantial revenue growth out of Bay to make it accretive, said Patrick Houghton, an analyst at about 21 percent of Nortel. Wheat First Union, who rates Northern "outperform."

Bay Networks, based in Santa

Yet Bay has struggled this year as sales of its older networking gear wholly owned subsidiary of chief executive, will remain chief

under Iraq's current leadership.
This offset Iraq's threat to call off

its oil-for-food program late last week in protest at U.S. cfforts to add

new conditions to Baghdad's

planned purchase of oil industry

equipment. Before the sanctions,

then there could be a huge amount of

tures) Ltd. in London. "Unless

someone takes serious actioo to cnt

'If the agreement goes through,

Price of Crude Oil Plunges by 7%

Once the transaction is complete, Bay comes with a lot of bag- the combined company will have a gage, 's said Brendan Hannigan, an work force of 80,000 and operations

Nortel, like rivals Cisco and Lucent Technologies Inc., wants to sell Nortel said it expected the ac- more gear to phone companies and quisition to be "slightly" dilutive to Internet service providers, who need 1998 earnings and would add to to expand their networks to handle

William Becklean, an analyst at Tucker Anthony Inc. who rates Bay buy," said that this gave Nortel a They're going to have to get more complete set of Internet pro-

tocol technology.

Bay's shareholders will own

The deal should close late in this year's third-quarter. It will be taxfree to Bay Networks shareholders.

the devastating effect of the current

to cut output by more than the

100,000 barrels a day it has already

agreed to do if there is an agreement

with other oil producing nations,

zation of Petroleum Exporting

This followed the agreement by

But Iran's announcement was

blunted by confusion over what out-

Mr. Zanganeh said Iran was ready

price slide on their revenues.

Countries and others.

Iraq pumped about 3 million barrels including members of the Organi-

extra oil on the market, and that's a big problem, 'said David Neshitt, a bia to trim a combined 450,000 barbroker with Prudential-Bache (Fu-

production, we could start to see put level it will use as a baseline for

crude oil at single-figure prices." the cut. Tehran has increased estimates of its own output volumes.

June 15, 1998 High Low Latest Chige Ophil

Grains

CORN (CBOT)
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Jul 99 274/7 212 212/4 -30/5 118,085
Sep 98 240 256/9 2774 -31/6 90,764
Dec 99 247/9 240/9 267/4 -3 122,743
May 79 257/4 248 259 -3 15,545
May 79 255/7 256/8 259 -3 15,545
May 79 255/7 256/8 259
Jul 19 260/4 257/4 246/4 -3 641/9
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Oct 99 75.30 74.90 75.00
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Frfts open left 12,772, up 339

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00 79 52.75 52.25 52.30
Feb 97 52.95 53.20 57
Feb 57 53.57 Frits spiles 7,
Frits open and 24.003, up 25

Pris open at 14-000, up 20
PORK SELLIES (CARER)
40,000 lbs.- cents por R.
Jul 98 61,97 60,30 6
Aug 98 59.40 57.55 5
Feb 99 54.60 54.40 5
Est. spies 1,900 Frits spies 1
Frits open bit 5,11 8, up 33

-1.80 -2.30 -1.60 -1.00 -0.70

COCOA (NCSE)

.06 6-16 .00 8-14 .30 4-23 .20 8-5 .49 6-30 .05 6-23

0.70 0.70 0.66 0.42

4545

CORN (CBOT)

plunged and fierce price competi- Toronto-based Nortel, which ex- executive of Nortel. Dave House, tion from larger rivals Cisco Sys- pects to issue 134 million common chairman and chief executive of Bay, will become president of Nortel and join its board.

Nortel is 51 percent owned by Montreal-based BCE Inc., Canada's biggest telecommunications company. BCE's stake after the Bay purchase will be 41 percent.

The agreement is the third multibillion dollar purchase this month involving telecommunication and data-networking companies. Phone at 146.15 yeo, up from 144.330 yen equipment maker Tellabs Inc. at the close on Friday. agreed to buy Ciena Corp. for \$6.86 billion on June 3, and a French phone-equipment giant Alcatel Alsthom SA agreed to boy DSC Com-munications for \$3.98 hillion on

Nortel shares closed at \$54.00 Monday in New York, down \$9.6875. Bay shares were at \$30.75. up \$2.4375.

(Reuters, Bloomberg)

Excel in Accord With Teleglobe

ranks fifth among long-distance phone companies in the

the Teleglobe name and its Montreal beadquarters.

led by the Iranian oil minister, Bijan Other oil ministers failed to agree to Zanganeb, with the United Arab bigger cuts than already set, as a full Emirates, Oman, Kuwait and Qatar meeting of OPEC ministers starts underlined producers' concern at June 24. (Bloomberg, Reuters) (Bloomberg, Reuters)

DALLAS - Excel Communications Inc. agreed to be acquired for \$3 billion by Teleglobe Inc. of Montreal in a deal that would create the fourthlargest U.S. long-distance telephone company.

Excel, of Dallas, currently

United States. Teleglobe is a large provider of international phone service in Canada. The new company will keep

Excel shareholders will re-

ceive 0.885 of a Teleglobe share.Excel shares closed at \$21.75 Monday on the New York Stock Exchange, down

MARKETS: Asian Turmoil Drives Wall Street Sell-Off

36%. Royal Dutch Petroleum and all rose. suffered the most in the decline of British Petroleum's American dethe past seven-and-a-balf weeks, positary receipts also fell, along 3/16. The developer of entertain-

companies Schlumberger, Varco International and Global Marine.

But the drop in oil prices ben-

Broderbund Software fell 3 to 17

ment and education software said it 15 cents a share, compared with analysts' predictions of a profit. Bond prices were higher, with the

benchmark 30-year Treasury bond

Dollar Soars As Hopes for The Yen Fade

NEW YORK - The dollar pushed higher against the yen Monday in the absence of any discouraging statements by international monetary authorities.

in 4 P.M. trading, the dollar was

The dollar's recent rally against the yen has in itself created more buying interest, particularly without officially coordinated intervention to support the yen, traders said.

A British official attending a European Uoion summit meeting in Cardiff, Wales, said Monday that discussions there did not include yen exchange rates or intervention possibilities.

That was enough to push the dollar to 146.60 yen, extending an overseas raily of around 2 yen based on

FOREIGN EXCHANGE

renewed fears of a Chinese currency devaluation, falling stock markets... and more recessionary economic: news from Japan, traders said.

"There's continued appetite to buy dollars and other instruments against the yen, and any fairly weak yen statements are going to create some buying interest," said Robert : Katz, a trader at MTB Bank.

Based on remarks last week from Robert Rubin, the U.S. Treasury secretary, traders do not think coordinated multilateral intervention is im-minent. Nor do they foresee the rapid -implementation of the fundamental. and structural shifts in Japan's economy and banking system that Mr. Rubin has repeatedly called for.

"It doesn't look like Germany and the U.S. are on board," and without them, an intervention to support the yen is unlikely to meet with success in the market, said Kevin Lawrie, head of global for-eign exchange at Melloo Bank in Pittsburgh.

Bit he said some traders thought that a dollar at 150 year was the "magic oumber" for Japanese intervention, Many are expecting a dol- : lar level of 150 yen by Wednesday, if the dollar continues to rise.

Against other major currencies expected a third-quarter loss of 12 to the dollar fetched 1.8105 Deutsche marks, up from 1.8054 DM on Friday. It was at 6.0710 French francs, 7 compared with 6.0553 francs, and at 1.5065 Swiss francs, compared with .4993 francs. The pound was at \$1.6350, com-

pared with \$1.6335.

price in 12 years, Sun Co. fell 11/2 to Corp., parent of American Airlines, Continued from Page 13

The chief UN weapons inspector, Richard Butler, said in Baghdad on gained. Some investors say the Monday that be boped a work schedule he agreed with Iraq during the stocks are oow cheap. Microsoft weekend could clear up outstanding rose 3/16 to close at 85 15/16. Other weekend could clear up outstanding gainers were Novellus Systems, Lattice Semiconductor and LSI Lo-This could theoretically clear the way for the full resumption of Iraqi

Oil and oil field service and

Vol. High Law Last Cos.

18/500 32 h 30 30 h 27h 12/38 77 h 35 50 77h 14 12/38 77 h 35 77h 14 12/38 77 h 35 77h 14 12/38 77h 16 12/38 77h 16

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with oil field service and equipment U.S. STOCKS

GOLD (NCAND)
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100 Inty SZ, dofiars per inty IX.
101 PS 285.30 284.60 284.60
Jul 99 281.20 285.70 285.60
Oct 98 287.90 287.60 289.80
Dec 98 277.00 287.90 299.80
Dec 98 277.00 287.90 299.80
Feb 99 272.30 291.90 292.30
Jun 99 272.30 291.90 292.80
Aug 99 287.80 295.60 295.90
Ext. soles 19.000 Firts soles 40.672
Firts open Int 182,689, up 1.011

HI GRAGE COPPER (NCAXO
25,000 Rb.- cords par B.
Jun 98 73,80 72,80 73,00
Jul 98 75,90 72,40 73,00
Jul 98 74,50 72,50 71,80
Sep 98 74,50 72,50 74,10
Oct 98 74,40 74,10 74,15
Nov 98 75,10 74,50 74,60
Dec 99 75,10 75,00 75,10
Feb 99 75,40 75,00 75,10
Feb 99 75,40 75,00 75,00
Feb 90 75,40 75,00 75,00
Feb 90 75,40 75,00 75,00
Feb 90 75,40 75,00 75,00 75,00
Feb 90 75,40 7

SILVER (NCANO S.A.O.) S.A.O. TO YOUR S.A.O. TO YOU GO. CORTS per troy or Jun 98 512.00 STS.00 STS.00 STS.00 SEP.00 Sep 98 516.00 STS.00 STS.00 SEP.00 Dec 78 521.00 STS.00 STS.00 STS.00 Mer 79 572.00 STS.00 STS.00 Mer 79 572.50 STS.00 STS.00 STS.00 STS.00 Mer 79 STS.00 STS.00

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Financial
US 7 BILLS (CAREN)
61 militare pis of 100 pcl.
50 pc 95.07 95.04 95.04
Dec 99 95.12 95.11 95.12
Est usine 401 Fris solen 406
Fris open int 4.811, of 89

8 YR TREASURY (CS07) \$100,000 prin- pts 6 64hs of 100 pci Jun 99 116-64 107-56 107-57 + 04 34-343 5ep 78 116-10 107-55 110-01 + 05 733,347 Dec 98 110-02 + 06 870 Ent. miles 78,784 Frits seles 84,781 Ents open (n) 263,974, of) 4428

LONG GILT (LIFFE)
\$50,000 - pis & 12nds of 100 pc1
\$ep 98 110.56 110.57 +0.03 130,837
Dec 98 N.T. N.T. 110.79 +0.03 0
Est. scios: 38,344 Prov. scien: 76,397
Prov. open Int: 130,837 off 2,085

GERMAN GOV. BUND (LIFFE)
DM25000-ph of 100 pcl
Scp 98 108.61 108.36 108.44 +0.17
DEC 98 N.Y. N.T. 107.77 +0.15
Ext. Solics: ZLY70. Prev. solics: 44.758
Prev. open Intl. 77.198 nff 7.465

15,073 15,444 26 3,134 816

np 1 3/32 at 107 22/32, pushing the though the United States has consistently stated its opposition to this lower as crude oil fell to its lowest Lines, US Airways Group and AMR 5.66 percent. (Bloomberg, AP) INTERNATIONAL FUTURES

High Low Latest Orge Opint

HEATING OIL INMER EURODOLLARS (CA4ER)
SI million-plu of 160 pct.
Jul 98 94.38 94.36 94.36 40.01
Jul 98 94.38 94.36 94.36 40.01
Sep 98 94.38 94.36 94.37 Unch.
Sep 98 94.39 94.36 94.37 Unch.
Dec 98 94.38 94.37 Unch.
Dec 98 94.38 94.37 10.00
Mor 97 94.36 94.37 14.35 40.01
Jun 99 94.38 94.37 94.47 40.02 3
Jun 99 94.41 94.34 94.47 40.02 3
Jun 99 94.41 94.34 94.47 40.02 3
Sep 99 94.38 94.37 94.37 40.02 3
Dec 99 94.28 94.25 94.27 94.02 1
Mor 90 94.38 94.39 94.37 40.02 1
Jun 90 94.31 94.38 94.37 40.02 1
Jun 90 94.31 94.39 94.37 40.02 1
Jun 90 94.31 94.37 94.37 40.02 1
Sep 91 94.38 94.39 94

CANADIAN DOLLAR (CMER)
100.000 doters. 5 per Cán. dr
Jun 99 ...6804 .6780 .6787 -0.0019
Dec 98 ...4628 .6783 .6797 -0.0019
Dec 98 ...4622 ...6400 ...4005 -0.0019
Est ...tubes 92.15 Frits sold 23.829
Frits open int 87.559, up 1,043 ERMAN MARK (CMER)

THIS OPEN BIT ISBULLE UP 4,780

125,000 branca, 5 per trans:
Jun 90 .6685 .6611 .6625 -0.9043 .25,648

Dec 90 .6761 .6472 .6677 -0.0034 .55,648

Dec 90 .6760 .6735 .6739 -0.0036 .161

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Frits open int 90,424, up 1,908 MEXICAN PESO (CMER)

MEACAN PESO (CARER)
SOLODO pesos, 5 per peso
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Sep 98 . 10679 . 14040 . 10610 . 00007
Dec 98 . 10192 . 10030 . 10197 . 00080
Est soles 5.171 Fr7s soles 13.005
Fr7s open int 48.a35, of Fits open int 49.435, off 476

2-MONTH STERLING (LIFFE)
2500.000 - pis of 100 pct
Jun 98 92.230 92.300 92.310 Unch. 1
5ep 78 92.230 92.300 92.300 92.305
Dec 90 92.480 92.460 92.005
Marry 97.2401 92.460 92.460—0.003
Jun 97 92.900 92.870 92.890—0.003
Sep 99 92.270 92.870 92.890—0.003
Dec 99 92.270 92.230 92.030—0.040 /
Est. saties: 98.340. Prev. saties: 153.413
Prev. open int.: 989,128 up 13.241

PROPERTY OF THE PROPERTY OF T

MATURAL GAS (NMER)
10,000 mm btus, 8 per mm btu
Jul 99 2.105 2.059 2.105 4.099 2.150 4.099 2.150 4.099 2.150 4.099 2.150 4.099 2.235 2.190 2.190 4.090 2.235 4.090 2.400 UNLEADED GASOLINE (NMERO)
42,000 got conts per got
July 90 46,65 44,65 44,87 -1,
Aug 99 47,90 45,70 45,90 -1,
Sep 98 48,40 46,50 46,55 -1,
Oct 91 47,10 46,61 46,90 -1,
Nov 91 47,25 46,75 46,75 -1,
Dec 92 48,00 47,00 47,30 -0,
Feb 97 49,50 49,50 49,50 +0
Est sales NA, Frits soles 25,620
Frits open int 1 GASOIL (IPE)

CAC 46 (MAT1F)
FF200 per Index point
Jun 98 4003.0 3740.0 3791.0
Jul 98 4003.0 3740.0 3791.0
Jul 98 4003.0 3740.0 3794.0
Jul 98 4003.0 3794.0 4007.0
Sep 98 4034.0 37940.0 4018.5
Est. soles: 24,501
Open int.: 82,307 off 85 Commodity Indexes

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WORLD STOLE " SHIELD I'M

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MCI Agrees to Sell Entire Internet Network A Tax Inquiry

LONDON - MCI Communicatinns Corp., the second-biggest U.S. long-distance phone company, offered Monday to sell all its Internet assets to win regulatory approval for its \$40.2 billion acquisition by WorldCom Inc., an EU official close to the negotiations said.

Cable & Wireless PLC, Britain's second-largest telephone company, insisted Monday it still had an agreement to buy some of MCI's Internet assets. It also said MCI agreed to negotiate with it first before it sells the test, even though a U.S. court ruled Friday that MCI could look for other buyers.

i.

Control of the Contro

Negotiations between MCI, WorldCom — the fourth-largest U.S. long-distance phone company - and regulators in Europe and the United States threatened to undermine the agreement between Cable & Wireless and MCL

Analysts said the acquisition by Cable & Wireless of the Internet

British company's international Eustace, a spokesman for Cable & presence, particularly in the United

This month, MCI agreed to sell its wholesale Internet business for \$625 million to Cable & Wireless. MCT's corporate accounts and retail Internet businesses were not included in the agreement.

"The issue is whether MCI's entire Internet business goes up for auction or whether it goes at a price that suits Cable & Wireless," said Keith Mallinson, managing director of The Yankee Group Europe, a telecommunications consulting firm.

He said U.S. telecommunications mergers and takeovers since the latest round of deregulation in 1996, including WorldCom's bid for MC1. made economic sense because they eliminate duplicated costs. But Cable & Wireless remains

confident its agreement with MCI will proceed as planned. "We're pleased that as part of the

proceedings, all parties agreed our have a stronger North American assets would considerably raise the contract is still in force," said Peter presence," an analyst said.

He declined to say whether Cable & Wireless would bid for the en-larged MCI Internet business or what it would do if it lost the wholesale business. "Those are all bridges we'll cross when we come to them," Mr. Eustace said

Last week Cable & Wireless sought an injunction in a U.S. court to require MCI to comply with its agree-ment to sell its wholesale Internet business to the British company. The court refused to grant the injunction. It is likely that one buyer would get all of MCI's Internet assets, leaving Cable & Wireless empty-

handed - except for a \$25 million payment from MCI for breaking the earlier sales agreement — unless it wins the bidding, analysts said. "The economic justification for buying the enlarged Internet busi-

ness is quite possibly weaker for an organization that doesn't already

Initie & Touche Consulting. "But they're abviously worried — the injunction was quite a severe reaction. It won't have done relations

with MCI any good."

Cable & Wireless's shares closed Monday in London at 655 pence (\$10.69), down 18 pence. MCI shares were up 75 cents at \$50.5625 in late trading on the Nasdaq stock market, where WorldCom shares were at \$43.25, up 75 cents.

EU regulators view MCI's new proposal as a positive step toward securing EU approval for the acquisition, said an official close to the negntiations, who spoke on condi-tion of anonymity. He said MCI still needed to deliver a formal proposal clarifying some aspects of the offer to convince EU regulators it was di-vesting its entire Internet network.

Tetley Abandons

Resters

LONDON — Tetley Group, the second largest teamaker in the world, said Monday that it

had abandoned its plan to list shares on the London Stock Ex-

The group, which had planned to list in July, said it

had decided to "pursue another

opportunity rather than proceed

pany had nothing more to add.

to the investment community.

Only two weeks ago Tetley

took about 20 analysts to visit

its main factory in Newcastle in

no sales data or financial his-

tory, they were led to expect

listing particulars last Thurs-

that the group must have re-ceived a bid.

Although it gave the analysts

Some analysts speculated

"The process of flotation

portheast England.

A spokesman said the com-

The decision came as a shock

with flotation at this time."

Flotation Plan

Others said all was not lost for At Germany's Cable & Wireless. "This is a setback for Cable & Wireless rather than a grave disappointment," said Jim Sloane, a telecommunications analyst at De-FRANKFURT - About 300 tax-

investigators descended on Deutsche Bank AG on Monday in a nationwide search of its premises, engulfing Germany's largest bank in a tax investigation that has bit several of its rivals in recent years. Prosecutors said they were in-vestigating Deutsche Bank man-agers and staff for allegedly helping

clients evade taxes by letting them move funds abroad anonymously. The bank said it was cooperating with the investigators but denied that it had systematically helped

customers avoid paying taxes. There was an system of belping tax evasion in the bank." Deutsche Bank said. The allegations are similar to those made against several other German banks, including Dresdner Bank AG and Commerzbank AG, in an official crackdown that began in 1994.

A tax investigation caused an up-heaval in Dresdner's management last year. Three senior executives were forced to resign, including the bank's supervisory board chairman. "There are indications that man-

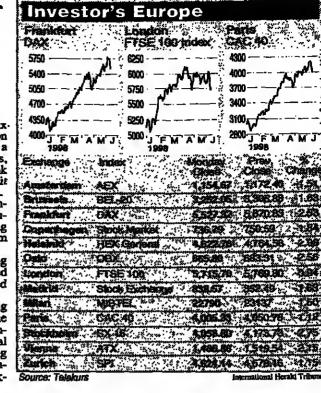
agers and staff of Deutsche Bank who are oot yet known by name enabled customers to transfer assets abroad anonymously," a spokes-man for the Frankfurt state prosecutors' office said.

A Deutsche Bank spokesman said the inquiry came as no surprise after so many other banks had been investigated. "We won't comment but are cooperating in line with legal requirements, although we must protect our customers' confidentiality,'

the spokesman said. Investors have shifted billions of Deutsche marks abroad since Germany imposed a 30 percent withholding tax on interest income in 1994. Investing abroad is not a crime, but failing to declare interest income on those investments on annual tax

returns is in breach of the law. German banks have long complained they have been treated unfairly by the authorities and contended that they were being penalized for merely doing their job. The banks say it is up to clients to declare their income to the tax authorities.

Deutsche Bank shares closed 4.40 DM (\$2.43) lower at 144.90 DM in Frankfurt.



Very briefly:

• Axel Springer Verlag AG, a German publisher, ruled out a bid for Mirror Group PLC of Britain.

 German retail sales, including car sales, fell a real 7.8 percent in April from March, seasonally adjusted figures from the Bundesbank showed. Sales at Germany's stores fell 6.5 percent in April from April 1997, the German central bank said.

· Volkswagen AG said forced labor in its factories during World War II was the responsibility of the government, adding that it would not pay compensation to former slave workers.

 Germany's telecommunications regulator ordered
 Deutsche Telekum AG to charge a fee of 27 Deutsche marks (\$14.93) this year to customers switching to another carrier, arguing that higher fees could scare consumers from rivals. The company had wanted to charge 49 DM.

• Cap Gemini SA, Europe's biggest computer-services company, will buy 5 percent of Hagler Bailty Inc., a U.S, consulting company, for \$12.7 million, as the French company expands in the United States. • Bertelsmann AG's CLT-Ufa unit rejected Rupert Mur-

doch's call for the German TV giant to invest in their joint Vox . channel or sell its stake in the channel.

 British Steel PLC's pretax profit dropped 30.2 percent, to — £315 million (\$515 million), for the year ended March 28, as the strong pound wiped more than £500 million from earnings.

• Fortis AG said it was confident its purchase of Geoerale de Banque SA would oot dilute its earnings and would result in annual cost savings of 425 million European currency units (\$463.6 million) starting in 2002.

• Bayer AG plans to invest more than 10 billion DM in the research and development of new medicines and treatments over the next five years.

Confidence Wavers in Russia Stocks

MOSCOW - Russia's bencbmark stock index fell more than 7 percent Monday to an 18-month low, after Asian markets slumped

and amid concern that Russia will not be able to improve its finances without emergency aid. The Russian Trading System in-dex fell 7.3 percent to 165.11, its lowest level since October 1996, led by some of the country's most ac-

tively traded companies such as AO Tamest and AO Mosenergo. The RTS is down more than 55 percent since the start of the year. pipeline for emerging markets,"

Russia and the former Soviet Union.

Investors are still waiting to see gency loan from international lenders to back the ruble. The International Monetary Fund has re-

finance ministers of the Group of livery fell more than 2 percent after Seven most-industrialized countries falling 15 percent last week. Oil in Paris last week also failed to companies are some of Russia's produce a bailout package.
"The market will remain weak

"The market will remain weak pany profits burt the government's until we see more clear evidence of a budget.

package coming," said Peter "The price of Russia's oil exports package coming," said Peter Boone, an economist at Moscow-Boone, an economist at Moscowbased Brunswick Warburg. "The
market is saying unless there is a
package available, there will be a lot
of problems." In the present world of problems." In the present world environment, it will be "very difficult" for the Russian government

"to go it alone," he added.
Analysts and investors say that "There is more bearishness in the Russia must secure a loan of be-beline for emerging markets," tween \$10 billion and \$20 billion to said Constance Hunter, a portfolio bolster investor confidence in the manager at Firebird Capital Management, with about \$155 million in to hold its finances together.

"It's essentially a crisis of confidence," said Margot Jacobs, a 'This will be one of those years where managers are paid not to lose banking analyst at United Financial \$8.60. Lukoil has lost more than 60 money rather than to make piles of essentially to shore up investor confidence that the bottom is not going whether Russia receives an emer- to drop out of this place, that someone is going to catch them if

biggest taxpayers, and croding com-

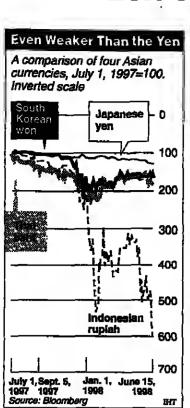
sia. "The current account is getting shot to pieces, by the fall in oil

Oil companies were among the biggest losers Tuesday. Tameft, the country's fourth-largest nil produ-cer, fell more than 19.8 percent to 37.9 cents, its lowest price since October 1996, and OAO Lukoil Holding, Russia's largest oil producer, fell more than 9 percent to Group in Moscow. "The funding is percent of its value since the beginning of the year.

UES fell 13.7 percent to 13.95 cents, while AO Mosenergo, the electric utility, fell 14.6 percent to an 18- month low of 5.6 cents. RAO The price of oil, one of Russia's Rostelekom, Russia's long-distance peated that no emergency aid is largest cash exports, has fallen to telephone operator, fell more than planned, and a meeting of deputy new lows. Crude oil for August de-

was always likely to finsh out a predator," said an analyst who declined to be named.

WORLD STOCK N	TARKETS	High Lawr Chesa Prov.	High Law Close Pres	. High Last Close Prev.	High Low Close Prov. Pelpulsus Ptd 213,00 208,00 209,00 218,00	High Low Clase Prev. Formuse Plastic 49.90 45.50 49.20 47.00	High Low Clase PTEX. Tokyu Carp406 400 402 404 Toppan Print 1525 1505 1516 1532
Monday, June 15 Doily prices in local currencies. Teleturs High Low Close Prev. Amsterdam AEX below: 1154.0	Dunisco	AND 18 915 915 198 1000	no 254 2.45 2.40 2.4 16 Genl Grp 4.70 4.70 4.20 4.77 4.6 16 T.S.B. Sep. 1.80 1.34 4.57 1.4 15 T.S.B. Sep. 1.80 1.34 2.57 1.4 15 Sep. 1.80 1.34 2.57 1.4 15 Sep. 1.80 1.34 2.7 16 Sep. 1.80 1.31 1.5 16 T.S.B. S.B. S.B. S.B. S.B. S.B. S.B. S.	5 Fled Foundaring Austic 18400 7915 16270	SABCSP 186.00 155.00 155.00 163.00 Teistrus Peis 2000 117.00 11879 123.10 Teistri Peis 84.00 784.00 784.00 86.20 Teistri Peis 274.07 284.00 284.00 277.00 CVRD Peis 33.10 22.51 23.00 23.00 Secul Companijo Indini: 288.21 Presistra: 282.21	Hean Had Price, 145.00 153.00 163.00 189.00 Hean Helm Bit, 44.00 52.00 64.00 62.00 Helm Bit, 45.00 64.00 62.00 64.00 62.00 Helm Bit, 45.00 64.00 62.00 62.00 Helm Bit, 45.00 64.00 62.00 62.00 62.00 Film King Life 73.50 71.00 77.30 71.00 72.00 191.00 Helm Bit, 46.00 Film Film Bit, 46.00 Film Bit, 46.00 60.00 40.50 40.50 40.50	Toroy Ind 678 657 663 685 Torothiba 575 559 569 575 Torothiba 575 559 560 612 Toronto Looro 2445 2410 2435 2415
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By Philip Bowring

HONG KONG — Asian markets are falling in unison, each, as it does so, pointing a finger at Japan. The ven is the handlest explanation of the region's latest affliction. But is a weak yen really so bad for Asia? Arguably it is more symptom of Japan's problems than cause of other Asian ones.

There is no doubt that the yen's fall has caused collateral damage in a global marketplace where many players prefer to lump all Asia into nave been growing despite falling one category. But facts may get in Asian demand. Korea's problems the way of this simple story. The are the collapse of domestic demand U.S. Treasury secretary, Robert Rnbin, has pointed out that yen weakness is a result of problems in Ja- of trade and the perceived need to pan's domestic economy rather than run a buge trade surplus in order to Group of Seven central bank in-

Likewise, for Southeast Asia, Sonth Korea, China and Hong Kong, the yen collapse is an additional headache but not the root of

hit last week on the assumption that its exports would face even tougher Japanese competition. That is true enough. But as the won has fallen farther than the yen over the past year, it is not clear that South Korea has lost competitiveness. For Korea, yen weakness is offset by the high level of yen-denominated imports from Japan.

South Korea's export volumes

ECONOMIC SCENE

caused by extraordinarily high interest rates, deterioration in its terms something that can be addressed by repay short term debt. The yen is marginal to these problems.

Southeast Asia is mainly an exporter of labor-intensive manufactures and commodities. There is scant direct competition with Japan. The yen level was a concern when currencies were linked to the U.S.

nificance of the dollar-yen rate. Again, the problems are now debt, high interest rates, capital outflows and collapsed domestic demand. The yen can go back to 120 without doing anything for these problems.

China has greater cause for worry because it has not devalued. Japan is its second largest market. But China's export problems are more due to the falls of neighboring currencies than to the yen itself. China still runs a buge trade surplus, so pressure for yuan devaluation comes more from domestic conditions - weak demand, rising state enterprise losses and so forth than from overall external circum-

The central bank governor, Dai Xianglong, has been trying to make China appear virtuous, saying a stable yuan — against the dollar — burts. Indeed it does. But it is hard to see how any of China's major trade partners can be blamed. China's trade surplus is second only to that of Japan. Domestic weakness is due

what many see as warning signals.

The depreciation of the Japanese

yen has put "great pressure" on the yuan, China's Financial News re-

ported, citing a Tokyo-based cor-respondent for the state-run Xinbua

news agency.

The Hong Kong Standard reported that Deputy Prime Minister Li
Lanqing said China might break its

promises to bold the yuan steady to

Bar not all economists say China

The chief Asian economist for

Dentsche Bank, Ken Courtis, met senior Chinese officials recently. He

said the yen's weakness should be separated from talk of a possible

reached on his mobile phone, and he

is ready to deliver dollars just about

Wang Xiao, though, can still he

bore up export competitiveness.

will devalue.

vuan devaluation.

South Korea was especially hard dollar. But devaluations of the past to domestic factors. Many see Mr. year have greatly reduced the sig- Dai's remarks as paving the way to make Japan the scapegoat should China decide to let the yuan fall.

Taiwan is feeling some pressure from a weak yen, but having let the Taiwan dollar slide 25 percent in the past year can absorb it without much difficulty. Hong Kong is the victim of fears of yuan devaluation pushing up local interest rates. But Hong Kong's problems derive from its own fixed exchange rate and 10 years of asset bubble. The yen has simply become an excuse for problems caused by Hong Kong's own monetary management.

In the end, the main concern of the rest of Asia should be whether the weak yen stimulates the Japanese economy. A strong yen helped kill domestic demand and induce a deflationary psychology. If a weak yen does the opposite, bringing back modest inflation and thus a desire to spend, it should be welcomed.

Japan has tried so much else already that maybe a very weak yen is the answer. In the short run, Japanese money may all go out of the door and
with capital outflow from Southeast Asia - add to asset inflation in the United States and Europe. But the rest of Asia may come to realize that a weak yen has advantages if Japanese demand is to lead the region ont of deflation and capital exodus.

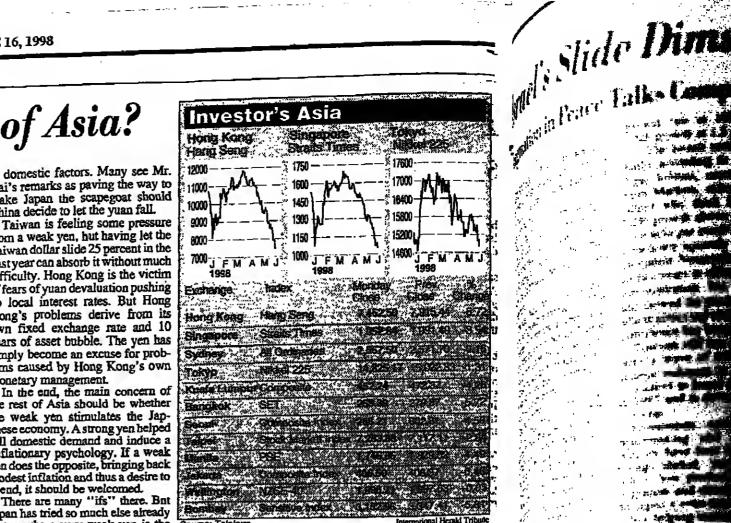
Another Decline For North Korea

The Associated Press SEOUL - North Korea's econ-

omy contracted 2.6 percent in 1997, the eighth straight year of decline, South Korea's central bank said Monday.

The Bank of Korea said North Korea generated \$12 billion in gross national product in 1997, down 2.6 percent from the previous year. North Korea's trade deficit was \$360 million, the bank said.

The North's economy began shrinking in 1990 with commun-ism's collapse in the Soviet Union.



Very briefly:

· Long-Term Credit Bank of Japan Ltd. sold its aviation and shipping financing division, based in London and New York, for \$1.55 billion to Deutsche Verkehrs Bank of Germany to strengthen its capital to asset ratio.

· Hitachi Ltd. is likely to have its long-term credit rating cut, by Standard & Poor's Corp. The rating company plans to-review "with negative implications" Hitachi's top "AAA". long-term rating over the next few weeks.

• Microsoft Corp. has agreed to invest \$10 million to \$20million in Hangul & Computer Co., the company that pioneered South Korean language software.

plur Hurrah

Bent-che Mark

Japanese companies employed 8.191 million full-time workers in the year that ended March 31, a 1.4 percent decline from a year earlier, a Ministry of Trade and Industry survey showed. Those companies employed 1.252 million temporary workers during the same period, up 4.8 percent.

 Hanil Group of South Korea unveiled a major spin-off as other conglomerates waited anxiously for a list of "nonviable" firms for liquidation. Hanil plans to sell four of its six units to focus on acrylic fiber, fashion, sporting goods, comstruction and trading businesses.

• Seagram Co. of Canada has signed a \$59 million contract to increase its stake in South Korea's largest alcobolic beverage maker, Doosan, industry officials said. The deal will increase. Seagram's stake in Doosan Seagram Co. to 77.8 percent from?

Smart Money in China Advises to 'Buy Dollars'

SHANGHAI — Wang Xiao

reached for his mobile phone and proffered advice that could land him in jail: "Buy dollars." Wang trades dollars,

Deutsche marks and yen on the black market in Shanghai, and the word on the street is that China may bow to market pressure and devalue Along the city's busiest thor-

oughfare, the going rate for the dol-lar rose to 8.54 yuan Monday from 8.43 yuan a month ago.
Mr. Wang and other black-mar-

ket traders said business was up. More people are buying dollars in case Beijing reneges on its promises not to devalue the yuan, these

"If you have some extra money, buy dollars," Mr. Wang said. Some street traders said the yuan may this year.

That could hurt Beijing's effort to street traders said the yuan may

By Thomas Crampton

International Herald Tribune

the falling yen rocked Asian currencies

on Monday, top Asian officials meeting

in Bangkok raised more questions than

answers as they discussed lessons from

the crisis and how best to manage cap-

which included the founding of a

"World Financial Organization," was

immediately shot down by participants

two-day session added new voices to the

debate among prominent economists and global finance officials about how

to prevent the flow of funds from rich

countries into developing nations from

governor of the central bank of the Phil-

ippines. Gabriel Singson, turned to the

leading delegate of the International

Monetary Fund to ask him exactly what

be thought Southeast Asian central

bankers should do about the falling

While presiding over one session, the

as unwieldy and too hureaucratic.

destabilizing their economies.

One proposal for sweeping reform,

Although short on conclusions, the

ital flow in the future.

BANGKOK — As turbulence from

yuan by the end of the year.

Granted, Mr. Wang and his cohorts, like traders anywhere, are just responding to the marketplace. Yet some economists and company exeentives said there was reason to worry that the yuan, the only currency in the world to strengthen against the dollar in the past year, may soon buckle like other Asian

China's trade is being hurt by Japan's feeble economy and weakening yen and slowing growth across Asia. Exports fell 1.5 percent in May. the first decline in almost two years.

The country's economy is growing at its slowest pace since 1990, and growth looks likely to fall below the government forecast of 8 percent

have to deal with."

short-term capital.

to accomplish much.

for Asia and the Pacific.

mated very widely in the past and it is

something countries in the region will

Creation of a global financial orga-

nization was proposed by Azizul Islam,

director of development research at the

UN Economic and Social Commission

financial markets, would monitor im-

plementation of sound international

principles and practices for accounting,

banking and securities markets as well

as formulate regulations for the flow of

To avoid a fast flight of short-term

capital, as has occurred during Asia's economic crisis, the paper proposed tax

breaks for the inflow of longer-term capital and a requirement for overseas

borrowers to place deposits at low in-

terest at their central bank. It also pro-

posed broader controls on currency

Other officials at the meeting ques-

The International Monetary Fund

tioned whether another international

body would really be necessary or able

deals that were not related to trade.

The organization, in order to stabilize

process that will throw millions of people out of work.

A devaluation by China would probably send stocks and currencies reeling across Asia. On Monday, Hong Kong's Hang Seng Index tumbled 5.72 percent to a three-year low on speculation that such a move

may occur.

Companies doing business in China are also bedging their bets.

For example, International Trade Development Co., the Hong Kongbased cable supplier, is already pricing in a devaluation, an executive said. The company is pricing imported products at 10 yuan to the

dollar, against the official rate of about 8.3 yen.
"Our office in Hong Kong is very worried," said David Gno, manager of the company's Beijing office.
"We think it may be soon."

Even Beijing has been sending out anywhere in central Shanghai.

For Asians, Questions but Few Answers

and the Pacific. "The yen has also fluc- one Southeast Asian central bank said. Mr. Saito of the IMF said the two main lessons to be learned from the crisis were that countries should keep flexibility in their foreign exchange and interest rate regimes as well as act promptly and forcefully once a crisis of

confidence occurs. A regional response to the current crisis would not be so important as a restructuring of the global financial system, Mr. Saito said.

He added that such a restructuring would consist of increased collection and dissemination of data along with international standards for financial auditing and bankruptcy laws, measures that Asian nations have already started to undertake.

last July, Asia's leaders have, with limited success, tried to mold a regional The only concrete result of these efforts was the so-called Manila frame-

Ever since the economic crisis began

work, signed in November by key Asian nations and their trading partners. Among other items, the framework emphasized the preeminent role of the IMF in arranging assistance to troubled economies, dealing a blow to plans by Japan and Malaysia to set up a bailout

fund, based and run in Asia.

PAL Fires 5,000 In Bid to Survive

MANILA — Philippine Airlines Inc. dismissed thousands of employees on Monday as part of a survival plan, saying it had been brought to its knees by a pilots'

About 5,000 of the airline's more than 13,000 employees were dis-

The financially troubled airline, whose long-term debts amounted to nearly 10 billion pesos (\$250 million) as of March, also blamed an 11-day pilots' strike for plunging the airline into a deeper hole.

The airline said it had lost more than 2 billion pesos since the 620 members of the Airline Pilots Association of the Philippines walked out June 5. In the fiscal year ended in March, the airline lost more than g billion pesos, the largest loss in a single year in the company's 57year history, it said.

The airline, majority owned by Lucio Tan, the tobacco magnate, and 23 percent owned by the government, had already dismissed all the striking pilots except for a little more than a dozen who had agreed to return to work.

ASIA: Falling Yen Stirs Devaluation Fears

Continued from Page 1

The tumbling markets brought sharply into focus the enormity of Asia's financial meltdown, with the region in the midst of a deep and prolonged recession that could eventually affect growth across the world. Until recently, economists and analysts were predicting that East Asia could see an economic mmaround by year's end, but now most concede that most economies are likely to contract at least for the next 12 months, and even longer in some cases.

Moreover, economists are saying openly what many long suspected that the region's troubles are structural in nature, and traditional remedies, like improved growth through cheaper ex-

ports, may no longer apply.
"I don't think that the Asian exports will pick up dramatically despite the devaluations these countries have had." said Marc Faber, Hong Kong-based fund manager, whose past pessimistic projections have earned him the sobriquet "Dr. Doom." "The bubble has been deflated in Asia. The Asian crisis will end in a lengthy recession."

'The problem with this situation is we have a dynamic process feeding on itself," said Simon Ogus, an economist with SBC Warburg Dillon Read. "You've got a multiple contraction of trade flows, investment flows. You've

got Japan deteriorating as well." He said." "I think there was far too much belief that this is a cyclical problem. I don't think: we've seen the worst quarter yet." Eugene Galbraith of the Dutch bank-

ing ABN-AMRO Holding NV, said that they were all expecting a second round of devaluations, which had not yet come." "What we're expecting is something; that is going to be determined by the velocity of the move of the yen against the U.S. dollar. From the point of view of Hong Kong, the question is; what will be the response of the Chinese government?" He added if the yen moved to lower levels, "will China be forced to do !something about its own currency?" "

Chinese officials have repeatedly in-7 sisted that they bave no intention to devalue the yuan. But regional analysts andfund managers pointed to several subtle" signs that they said indicated Beijing's currency resolve may be shifting.

For one, China's leading financial.

newspapers Monday carried articles: sharply criticizing Japan and the United States for the yen's continued slide: against the dollar, and mentioning the increased "pressure" on the yuan.

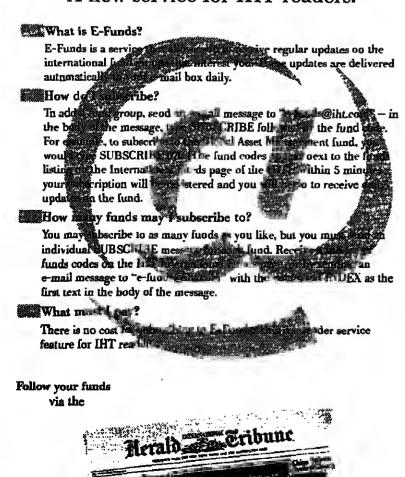
The most recent trade statistics from Beijing showed China's export performance fell last month, further fueling." speculation that a yuan devaluation may: be imminent. Exports fell 1.5 percent in May compared with a year ago.

E-Funds

"The International Monetary Fund and Bank for International Settlements doing," responded Kunio Saito, director of the IMF regional office for Asia"

"The International Monetary Fund and Bank for International Settlements already overlook the flow of funds and the gathering of statistics," an official of

International Funds via E-mail. A new service for IHT readers.



THE WORLD'S DAILY NEWSPAPER

MAZDA: With a Bow to Shintoism, Ford Executives Gently Take Reins at Carmaker

Continued from Page 1

Mr. Miller and a dozen or so other Ford executives parachuted into Hiroshima four years ago at the request of Mazda's desperate Japanese bankers. Their mission was to stop which were sinking the company. They insisted from day one that they were out to save Mazda — a company in which Ford had a minority interest - and nor conquer it.

But the Americans-to-the-rescue rise from the ashes of World War II into an industrial power.

Although the Ford-Mazda story is

far from over, the initial results are The foreigners planned to trash Japositive. For the fiscal year ended pan's hallowed seniority system, or March 31, Mazda's market share rose and its costs fell. Its operating profit swung into the black for the first time in five years. Its net loss shrank sharply, and Mazda says it expects to show a net profit this fiscal year.

On its way to these encouraging results, the Ford executives have struggled to make American management techniques fit Japanese culture. For instance, early on, some Japanese competitors confidently predicted that the straightforward American style of operating would offend Japanese suppliers and employees because it would seem too harsh to Japanese, who are used to an indirect way of communicating. Some Japanese executives do express concern at the way foreign executives tear into one another's ideas at management brainstorming sessions. But rid of the Mazda brand name. many Mazda suppliers and union officials say they have come to like the

Ford team's straight-talking style. "They are easier to understand. They always make their intentions executives who moved here four them what they would pay for cars clear," unlike their Japanese prede-

an official of a Mazda suppliers as- made numerous Japanese friends.

sociation. The basic lesson of Ford's fouryear experiment is that cross-border ventures can work if the partners clearly explain their objectives, have similar goals and understand the key Mazda's red ink and falling sales, cultural taboos that cannot be broached.

When the Ford team arrived in 1994, anxieties ran deep in Mazda, a proud, conservative company that was producing trucks before World War II. and in Hiroshima, a city southscenario was a bumiliating blow to west of Tokyo that was flattened by Japan's automobile industry - the the atomic bomb. Hiroshima coomost visible symbol of the nation's sidered itself a company town. A vast array of large and small businesses bere depend on work from Mazda.

Rumors raced through the town: dismanile Mazda's network of business relationships for a more American business structure.
Those rumors intensified in 1996,

when Ford increased its 25 percent stake in Mazda to one-third and took management control. The Japanese feared that Mazda would be transformed into a company of English speakers and widespread layoffs would occur, that the hard-nosed foreign executives would drop familyrun Hiroshima suppliers and replace them with cheaper overseas compet-

With Mazda's vehicle production in Japan dropping — it fell in 1995 to a dismal 772,000 from a 1990 peak of 1.4 million — worries spread that Ford's real intention was to turn Mazda into a Ford subsidiary and get So far, none of those things has

come to pass. Gary Hexter, a senior managing director at Mazda, was one of the Ford

Mr. Hexter said the Ford team immediately agreed with Mazda and its bankers that the first problem to tackle was Mazda's serious financial problems - which had created several years of negative cash flow.

In Japan, the traditional way of cutting costs is to try to eke more savings out of the manufacturing process, by shaving expenses and speeding up the processes. That effort con-tinued, but the Ford men decided it would not be enough.

So they opted to change the entire way that new products were selected and priced.

stunning new products. Prices for new vehicles would be set by adding up costs, plos some profits, and then introduced to the public.

During Japan's go-go years of the 1980s, that worked fine, and Mazda's superb technology won a loyal overseas following.

But the strong yen in the mid-1990s made Mazda's cars too expensive to be competitive overseas, and the bursting of Japan's bubble economy in the '90s hurt domestic sales. These blows came just as Mazda was completing a rapid and ill-conceived expansion, saddling it with enormous

The Ford team first decided to introduce Mazda to Western-style market research. Asian executives often pride themselves on making critical decisions on intuition, and market research doesn't play the same role as in other car companies. the United States.

The Ford team hired consultants to survey consumers and find out what they wanted. They then targeted specific segments of consumers, asking cessors, said Shunsuke Yamaguchi, his wife love living here and have termined what competitors were char-

ging for comparable cars. These prices were used to determine bowmuch could be spent building the new models.

models.

For Mazda engineers, this was quite a change. When an engineer in charge of redesigning a new Capella wagon suggested that it be two inches longer, raising production costs by \$7 million, Mr. Hexter asked him wby. The engineer replied that be wanted a more spacious back seat. But Ford executives first wanted

Ilalia Heads

Showdown

proof that consumers would be willing to pay a higher price for such a car.
Three consumer surveys all reached the same conclusion — given the Mazda used to pride itself on being choice, consumers preferred the company run by engineers, who would toil away in labs developing ing to pay the higher price for it. The roomier back seat and would be willing to pay the higher price for it. The: engineer got the go-ahead, and the car has been a success. The Ford team tried to impose sim-

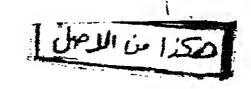
ilar discipline on its suppliers, and to gently break the news to them that: Mazda needed to buy more of its supplies from overseas. It was part of Ford's strategy for cutting costs and protecting against a sharp strength: ening of the yen.

Mazda's supplier structure was a classic Japanese business group, or keiretsu, that included hundreds of companies dedicated almost solely to producing parts for Mazda cars.

The Ford-Mazda team spent longhours explaining why this relation-ship needed to change, and helping suppliers draw up strategies for cutting costs. They also encouraged suppliers to diversify into nonautomobile businesses and to seek business from

The result: Mazda will buy 22 percent of its parts from overseas, about four times the current proportion. These changes would have come

sooner or later for us," said Hiroshi? Takeshita, president of Takeshita, a years ago. The Australian says he and with these features. They also de-



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P - 1 BC on June 23, 1948. in exchange for 60 worthless task," he said. 19 years

> For Power Showdown ROME — Telecom Italia taken, be said be would leave SpA is headed for a show- Telecom Italia, while staying down Tuesday over who will on at Telecom Italia Mobile. run the company, the world's sixth-largest telecommunica-

Telecom Italia Heads

tions provider — its forceful chairman of six months, or the chief of its fastest-growing and most profitable division. Vito Gamberale, one of Telecom Italia's three directors-general and chairman of Telecom Italia Mobile SpA, has said he would quit unless the company's executive com-mittee agreed to reduce the

powers of Gian Mario and Fulvio Conti, after firing Rossignolo, the chairman, the Treasury-appointed Chief when it meets Tuesday before its, shareholders' meeting in di Vignano, in the first of a Turin. Investors, though are series of management placing their bets on Mr. shakeups that has rocked

The tussle is the latest turmoil to hit Telecom Italia since the state eight months ago sold its 45 percent stake in the company to private investors, including 1.5 million Italian individual investors. The conflict also comes as competition in Italy's 50 trillion line (\$28.1 billion) telecom-

munications market revs up. Mr. Gamberale demanded Friday in a letter addressed to Mr. Rossignolo a re-definition of his role and powers, a of the chairman's powers.

Israel's Slide Dims 50th Anniversary Stagnation in Peace Talks Compounds an Economic Slowdown

growth rate in 1990. Forecasters see 1998 growth at 1.5 percent.

"The Israeli economy is doing very badly according to its potential," said Ygal Sebban, economist at Koor Futures Markets, echoing the thoughts of the said that the shiple Israel's potential is JERUSALEM — It was sopposed to be a festive 50th anniversary year in Israel, but an economic slump has put a damper on the party.

"Everything is quite depressing," said Lea Cohen, a taxi driver in Tel Aviv, whose main profession is tour others who think Israel's potential is

GDP growth above 4 percent.

Israelis put much of the hlame for the guide. Pointing to a picture of her childen on the dashboard, she said: "I do slowdown squarely on Prime Minister Benjamin Netanyahu's government. In its two years in office, Mr. Netanyahu's A few years back, the economy was administration has slashed spending bboming, with growth in the early 1990s of 5 percent to 6 percent a year. Immigrants from the former Soviet Union and slowed the peace process to a point where critics say consumer and husiness swelled the population by 25 percent. Industrial output was high. Housing acconfidence has been eroded.

Tourism still has not recovered fully tivity was strong and the government invested beavily in the economy. Other factors helped as well. The from a wave of suicide bombings by Islamic militants in 1996. The number of visitors to Israel dropped 15 percent in 1997 and is down 13 percent so far

Economists said problems over peacemaking and very tight fiscal policies have hurt the economy but a

Not helping matters is an 8.4 percent unemployment rate — up two percentage points over the past two years that is expected to continue rising throughout the year.

growth rate in 1996. Forecasters see growth, although not to the extent of other countries since Asia accounts for

only 13 percent of total Israeli exports. Israelis are also weighed down by a very heavy tax burden that the government promises to rectify as privat-ization efforts cootinue.

Lowering the tax hurden is the only way the economy can thrive," governor of the Bank of Israel, Jacob Frenkel, told One element of fiscal policy seems to have worked. High interest rates have brought Israel's inflation, which was in

triple digits a decade ago, down to an estimated 3 percent and 5 percent now. Because of the declining inflatioo rate, the central bank has lowered its key lending rate to an annual 11.6 percenfrom 13.4 percent at the end of 1997. Economists expect the rate to fall to

a recent economic symposium.

around 10 percent by the end of 1998. The silver lining to the slowdown is that structural changes have been made, moving the economy from one dominated by a traditional manufacturing sector towards an economy led hy services and high technology.

Mr. Frenkel suggested the slowdown may ultimately prove to have been pos-itive for Israel's long-term economic health. "I am not saying the slowdown is good, but the transformation is good," Mr. Frenkel said, pointing to Israel's advantage as a leader in high technology.

AMP Shares

SYDNEY — AMP Ltd., Australia's higgest insurer and fund manager, made a spectacular stock-

AMP Australia's fourth largest publicly traded entity, with a mar-ket capitalization of 24.7 hillion Australian dollars (\$14.6 hillion), behind News Corp., National Australia Bank Ltd. and Broken Hill

dollars the company had set Sun-

agement group, both of Britain. More than 200,000 of AMP's 1.7

million shareholders in Australia, New Zealand and Britain sold 149 million shares into the float, generating an immediate windfall profit from the demutualized group of about 2.9 billion dollars.

Former Yamaichi Workers Learn the Merrill Method

FUNABASHI, Japan — Cath Perrone, a specialist at Merrill Lynch & Co. who trains new recruits, is beaming. It could not be going any better. Sitting on a stage at a research center

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about 45 minutes north of Tokyo, Mrs. Perrone is listening to one of her students run through a role-playing exercise.
The student, Kazuyo Gomita, is one

of 2,000 former Yamaichi Securities Co. employees who will staff Merrill's foray into Japanese retail broking. Mrs. Suzuki, if you have the time, I'd like to show you a couple of in-vestment options that I think will help

you reach your goals," Miss Gomita says. "That's what we at Yama..." A hundred students laugh. "Excuse me," Miss Gomita says, quickly recovering her poise. "Merrill

No big deal, said Mrs. Perrone of the mix-up. After all, her student had learned the key elements — the focus on client needs, the emphasis on service that Merrill is betting will set it apart in

a country where stock brokerages have been plagued hy scandals. In February, Merrill announced plans to create a new 30-branch domestic retail-brokerage husiness, hiring 2,000 employees from the failed Yamaichi Securities. Merrill, like many other for-

eign brokerages, hopes to tap Japan's

ings as Japan's "Big Bang" financial reforms offer savers a wider choice of investment options at higher returns than Japan's rock-bottom interest rates

Most of the staff at Merrill Lynch Securities Japan, the name the new brokerage will operate under when it opens in July, have worked at Yamaichi, a paragon of Japan's paternalistic, cen-

until its demise in November. "We're asking them to do things they've never had to do before," Mrs.

That is especially true for former 'counter ladies' such as Miss Gomita,

kets such as Asia. Per capita gross do-mestic product swelled to \$17,000. -Now, some economists deem the Israeli economy to be in a recession, eveo though the statistics do not quite meet the definition of two consecutive quarters of negative growth.

Middle East peace process largely

ended the Arab boycott against business

with the Jewish state, opening new mar-

this for them."

In the first quarter of 1998, gross domestic product grew at a 0.3 percent annual rate, following 0.4 percent growth in the fourth quarter of 1997.

strong shekel, restrictive mooetary policy, low productivity, slowing immigration and structural changes have damaged it even more.

The economy grew at a 1.9 percent pace in 1997, well below the 4.6 percent southeast Asia have further dampened

Soar at Start

market debut Monday, opening on the Sydney Stock Exchange at a price double that estimated by the company only a day earlier.

The sudden price increase made

Share of AMP opened at 35.98 dollars each and spiraled up to 45 dollars. They soon settled back down and closed at 23 dollars, 43.8 percent above the base price of 16

AMP has more than \$88 billion in funds under management worldwide. It owns the Pearl insurance group and the Henderson fund man-

tralized, bureaucratic securities industry

Perrone said. whose duties at Yamaichi were restricted to serving tea, filing papers and

smiling at clients. As Merrill Lynch financial assistants, these employees will be expected to be familiar with all Merrill products and

capable of offering advice to clients. That, in turn, means hard days at a weeklong training seminar in Funabashi.

But the women in the class say it is worth the trouble. Before we didn't have the tools to help the client," said Tamami Abe, 33, an 11-year Yamaichi veteran. "We know we have to change our conception 180 degrees to make this work."

Half-Century Hurrah For the Deutsche Mark

FULDATAL-ROTH-

the Deutsche mark laid the by hyperinflation in the 1920s said. and defeat in World War II into Europe's export power- based equally on the positive

"The currency has become, of what good money can along with the soccer team achieve," he added. "The Doow vying for World Cup glory in France, the national symbol with which Germany's 80 million people

president of the Bundesbank, Hans Tietmeyer, sought to analyze what had made the summit meeting. mark into such a success sto-

experience that a well-run mans. currency can create a snccessful economy. And the experience that widespread prosperity can only begin with stable money."

-The mark was created before Germany had a national government, and it effectively sealed the division of the country into the Eastern and Western halves that would remain until reunification in

The Soviet military govemment introduced the D Mark Ost in the Eastern zone

Reichsmarks, shop windows suddenly filled with goods WESTEN, Germany - Ger- and economic activity started many kicked off a week of to pick up. ceremonies Monday to cel- Within 10 years of its cre-

ebrate the 50th anniversary of ation the Deutsche mark had the Deutsche mark amid a become fully convertible, and bout of soul-searching over it steadily gained in value on the trading in of its beloved international exchanges. By national currency for the the 1980s it had become the world's second reserve cur-Created on June 20, 1948, rency after the U.S. dollar.

People often say that the foundation for West Ger- stability culture of the Germany's Wirtschaftswunder, mans is based on the trauthe economic miracle that matic experience of inflation. transformed a land shattered That's true," Mr. Tietmeyer

"But the stability culture is and encouraging experience mark is proof of that, and it symbolizes postwar Germany.

But the currency became a identify most strongly.

Returning to the U.S. 1991, France and other Eurovictim of its own success. In. Army base where two months pean Union countries that felt of talks on creating the their monetary policy was be Dentsche mark were held ing dictated by the Bundes with the Allied powers, the bank persuaded Chancellor

Mr. Kohl has been un flinching in his support of the "Ultimately, it is people's euro despite the skepticism of experience," he said. "The as many as two-thirds of Ger-

> He said recently that those predicting the euro's failure would be proven wrong just as the critics of the Deutsche mark had been in 1948.

"We want the D-mark's success story to continue with the curo," Mr. Kohl said.

Mr. Tietmeyer said he hoped that the new European Central Bank, modeled on the Bundesbank and based in Frankfurt, would be able to build on the achievements of the Deutsche mark.

"I hope and wish that the European Central Bank and After citizens in the West responsible politicians will each received 40 new marks interpret this legacy as their

In January, Telecom

Italia's oew owners, led by

Ifil SpA, the investment com-

pany of Fiat SpA, recruited Mr. Rossignolo, who on his appointment as chairman, in-

troduced himself to the press

saying, "I am an executive

chairman, a very powerful ex-

Mr. Rossignolo brought in

Mr. Gamberale and his two

colleagues, Francesco De Leo

Executive Tomaso Tommasi

Telecom Italia management

At the annual meeting, in-

vestors will be asked to renew

Mr. Rossignolo's mandate after

six stormy mouths at the helm

Telecom Italia shares ended unchanged at 13,200 lire.

Mr. Rossignolo to win the

tussle with Mr. Gamberale though they say ultimately i

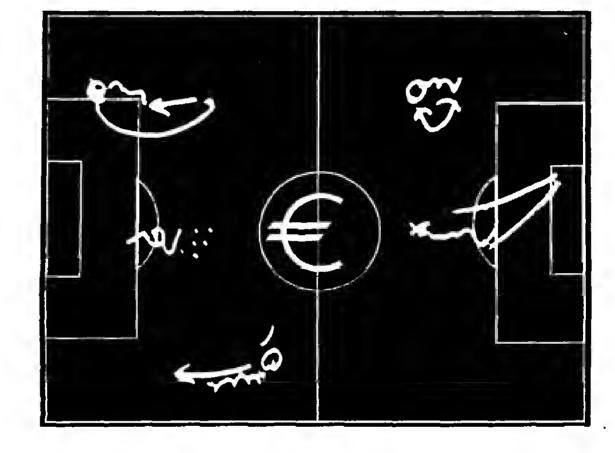
will lead to the recruitment of a

replacement for Mr. Tommasi,

Investors said they expected

since be took over.

ecutive chairman.

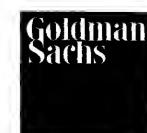


Mergers, acquisitions and the Euro. A radical new gameplan is needed.

The Euro. It's already accelerating the pace of change and increasing the magnitude of M&A in Europe. Along with globalisation it is causing business leaders to realise that success in their national markets may no longer be enough. Strength in the future will often stem

from strength across Euroland Strategies have to change. Goldman Sachs is the world leader* for M&A advice and, across much of Europe, we are top of the league tables** Goldman Sachs helps companies develop their competitive edge to win on the new playing field.

GLOBAL KNOWLEDGE FOR A GLOBAL CURRENCY.



issued by Goldman Sachs Incernational, regulated by the Securities and Futures Authority. "Source: Securities Data Service. with a corresponding pullback Source: Germany No. 1 (Börsen-Zeitung); France No. 1 (IFR Securities Data); Italy No. 1 (Lombard); Spain No. 2 (Acquisitions Monthly). NASDAQ

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Monday's 4 P.M. The 1,000 most traded National Market securities in terms of dollar value, updated twice a year. The Associated Press

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WORLD ROUNDUP Bulls and Jordan Soar Over Jazz to 6th NBA Title

Herald Eribune

PORTS

Wimbledon Seeds Low-Ranked Graf

TENNIS Andre Agassi and Steffi Graf, both former champions, were the main beneficiaries Mnuday when the seedings for Wimbledon

Agassi, the 1992 champion, was seeded No. 13 - six spots above his wurld ranking of 19.

Graf, the seven-time champion who has dropped to No. 91 while recovering from injury, was seeded No. 4.

Wimbledon is the only of the four Grand Slam tournaments that reserves the right to deviate from the world rankings in its seedings. Nevertheless the Nn. I players in the men's and women's rankings - Peter Sampras and Martina Hingis - were both seeded No. 1.

The All Eogland Cluh takes into account a player's grass-court ex-pertise and past record at Wimbledon in determining the 16 men's and women's seeds.

 The DFS grass-court tourna-ment was abandoned Monday after driving rain soaked the courts in Birmingham, England.

The four semifinalists, three of whom were to play Tuesday in a grass-court event in Eastbourne, England, rejected an offer to finish the event on indoor courts.

Heavy rain stopped play Sunday after Nathalie Tauziai of France, seeded No. 3, took a 3-0 lead over top-seeded Steffi Graf of Germany in the first set. The other semifinal, between Elena Likhovtseva of Russia and Yayuk Basuki of Indonesia, did not start.

Heavy rain plagued the tourna-meot for most of last week, causing matches to be postpooed. The finals were originally set for Sunday(AP)

Hayes Wins Buick Classic

career PGA Tour victory and \$324,000 with a hirdie on the first playoff hole with Jim Furyk at the rain-shortened Buick Classic in Westchester, New York.

Both golfers started the final round tied for the lead at 9-under. Both also shot 3-under-par 68s to finish at 201 in the 54-hole tour-

No. 23 Scripts Dramatic Ending

By Ric Bucher

SALT LAKE CITY - If Michael Jordan has indeed played his final Na-donal Basketball Association game, he goes out as the undisputed crunch-time,

pure-money player of all time.

Exhausted from carrying the load most of the game because sidekick Scottie Pippen was ailing, Jordan made three monstrous last-minute plays Sunday to

NBA FINALS

clinch a third straight championship for the Chicagn Bulls, whn won the game, 87-86, and the series four games to

Perhaps NBA Commissioner David Stern said it best when he awarded Jordan both the most valuable player and championship trophies. "You grace us with your presence and tonight gave us one of the singular performances in the history of the NBA," Stern said.

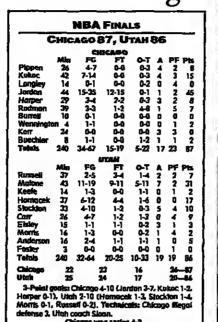
Jurdan scored Chicago's last 8 points for a total of 45, including the game-winning jumper from the top of the key with 5.2 seconds left. With Bryon Russell guarding him, Jordan drove hard toward the basket and forced Russell to stumble backward.

Jordan then pulled up and let it fly, leaving his hand aloft for several seconds after the ball fell cleanly through the net.

"I let the time tick until I felt I had the court right where I wanted to," Jordan said. "As soon as Russell reached, he gave me a clear lane. Once it went in, I felt we had been hanging around long enough, this was the game-winning basket." After a Jazz timeout, Utah went to point guard John Stockton, but his threepointer off a high pick by Karl Malone hit the froot of the rim, glanced off the backboard and bounced away as the Bulls' reserves erupted in juhilation.
The greatness of Jordan's perfor-

mance was heightened by the fact that it nvercame an equally strong effort by Malone, who finished with 31 points, 11 rebounds and 7 assists, and a clutch shot hy Stockton, whose three-pointer broke an 83-83 tie with 41.9 seconds left.

But Jordan needed less than five seconds to score on a driving layup around Russell, cutting the gap to one. The Jazz then went to Malone, but Jordan slapped the ball out of his hands.



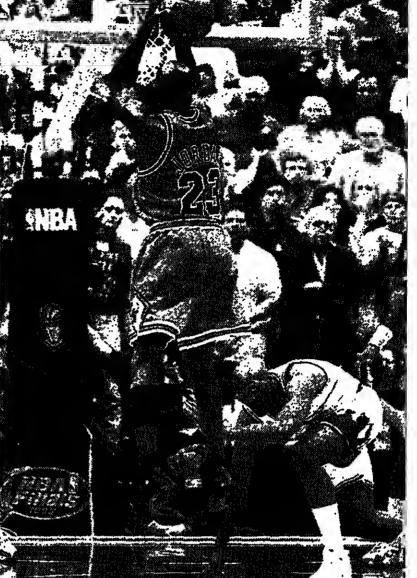
and then snatched it from between Malone's feet with 18.8 seconds left. Pippen also went a long way tnward crasing his reputation for disappearing in the clutch as often as Jordan dom-

inates it, fighting off a sore back to play 26 minutes, including 10 minutes in the fourth quarter, cootributing eight points, three rebounds and four assists.

He attributed the back injury to taking five charges in a Game 3 victory last Sunday and, after receiving a cortisone shot Saturday to ease the pain, reinjuring it oo the game's first play, his uncootested dunk.

"I oever doubted myself," Jordan said. "I never doubted the whole game. We were hanging too close. Scottie Pip-pen is hurt, Dennis Rodman and everybody is in foul trouble, and they never burst ont and left us standing. We kept hanging in there, I knew we were going to have an opportunity to win this game, and I wanted to be able to do that from an offensive standpoint."

After Pippen headed to the locker room in the first quarter with the Bulls leading, 17-8, the Jazz took advantage of his absence to close the period with a 17-5 run for a 25-22 lead, but they never pulled away because Jordan repeatedly put on the hrakes, scoring 18 of his 23



Michael Jordan shooting the winning basket as Byron Russell stumbled.

was the toughest route, toughest challenge in the six championships that we've won," said Jordan. "If and when that time comes where I've got to walk

away, I hope that because I walked away

first-half points with Pippen in the locker room, including 3 of 6 three-pointers.

"It's bittersweet in the sense that it there for everybody to at least have fully I've put enough memories out there for everybody to at least have some thoughts about what Michael Jordan did in his 14 years. I have another life and I know I have to get to it at some point in time. And hopefully the fans and the people understand that."

Braves manager improved to 1,004-

819. Selee won 1.004 games from 1890-

1901 when the Braves were in their

Aramis Ramirez and Kevin Ynung

homered in the first three innings as

game with two runs in the ninth and woo

scattered seven hits in his first major

league shutout as Kansas City won at

tied a major league record by playing

their 24th straight series and oot losing

Astros 6, Reds 3 Houston tied the

Royals 2, Tigors 0 Glendoo Rusch

Yankees 4, Indians 2 The Yankees

Pirates 7, Browers 2 Mark Smith,

original city, Boston.

home.

numed."

Pittsburgh beat Milwaukee.

it with three more in the 10th.

Still Flying Solo, His Airness Extends Reign

By Harvey Araton
New York Times Service

SALT LAKE CITY - It might have been the end, but it looked suspiciously like the beginning. Michael Jordan against the world, a celebrated solo act. Even with his odds reduced by age, this wasn't the place, or the time, for Jordan to surrender pro basketball supremacy to a couple of reocent stars who nally come out to play. He willed it that way.

He stripped the ball from noble Karl

Malnne in the post, then stole the championship hapes of the Utah Jazz. A

VANTAGE POINT

pullup jump shot nailed down the Chicago Bulls' sixth title nf the 1990s Sunday night at the Delta Center. Another season ended, another cham-

pinnship won, as if it were scripted by the writers of Jordan's television com-

Last year, it was a flu-ridden Jordan rising nut of a sick bed to carry the Bulls in the game they had to win in Salt Lake City. This time, it was Jordan, at 35 not the high flier he once was, lifting himself and his team after Scottie Pippen turned up serinusly impaired with an injured back.

injured back.

The Jazz had the Bulls right where they wanted them Sunday night, and they let them get away. Utah was a fine challenger, but not a champion.

The Jazz could not put enough distance between themselves and the Bulls while Pinner was being worked up in

while Pippen was being worked nn in the locker room, could not hold leads in the second half, could not execute its half-court offense when Jordan was lurking, waiting for the chance to strike,

deep into the game.
"A tough bunch," Jordan gracinnsly "A tough bunch," Joruan gracinusly called the Jazz. But not tough enough for him. Chicago can breathe easy and begin calling for more, and David Stern can resume hoping that a more ratingsfriendly team than the Jazz will step up or grow up to carry the torch and the National Basketball Association.

In Chicago, the owner, Jerry Re-

In Chicago, the owner, Jerry Re-insdorf will turn into Al Capone if he doesn't come up with about \$80 million to underwrite his current roster for another go-round. No one asks why CEO Jordan can't take \$10 million less so Pippen can get fair market value, and no one contemplates the impact on the sport's smaller markets as the larger ones push salaries to further heights.

That's what this summer's collective bargaining showdown will be about, hnw viable an auto dealer entrepreneur such as the Utah owner, Larry Miller, will be in the coming years. How many more Stocktons and Malones are out there, relishing the thought of getting away from the big-market glitz?

This is Commissioner Stern's delicate balancing act of wanting his hig-ticket teams to produce the ratings the league can crow about this spring without reaching the point where too many franchises become the Montreal Expos of hasketball. How to maintain national -no, Stern would say global -interest over the course of a playoff seasoo that is the equivalent of four consecutive Olympics.

The big U.S. television ratings were being untched courtesy of the Jordan epic, the possibility of its conclusion, the drama heightening Sunday night, with Pippin out and the Jazz pulling ahead.

When Jordan exploded for 15 second-quarter points and a 23-point first half in a shoot-out with Malone that kept the crippled Bulls close, ynn knew he had enough egn to believe he still had enough left to win. You just wondered if he had enough legs.

Late in the first half, as Jordan twice ignored Kukoc and hoisted 3-pointers, another thunght came to mind. Jordan obviously was leaving this game to no one, taking himself all the way back to the mid 1980s, trying to win something all by himself.

People always pointed out that he never won a playoff game before Pippen came along, when he was a one-man

He won the game Sunday night. The title. The repeat threepeat, giving him one more championship in the modern era than Magic Johnson.

He stands alone. If this is the end, then Jordan Sunday night clused a circle of

Despite 3 More Home Runs, Mariners Are Sunk Again by Bullpen Cox's record during two stints as woo its seventh straight and handed San

The Associated Press

Da cise and fail do OAKLAND, California - Russ Davis, the Seattle third baseman, made a costly throwing error in the 10th inning and the Mariners' shaky bullpen again failed to hold a lead as the team went down, 4-3, at Oakland. David Segui, Alex Rodriguez and

BASEBALL ROUNDUP Glenallen Hill hit bome runs for the

three runs down to even the score in the bottom of the seventh.

Mariners, increasing the team's major league-leading total to 112, hnt they weren't enough to overcome the besieged hullpen. - It allowed Oakland to come from

Heathcliff Slocumh issued a leadoff

By Samuel Abt

PARIS - Lance Armstrong had his schedule worked out precisely: finish

the Tour of Luxembourg, drive for about an hour and a half from that country to

the French city of Metz and catch the last

plane to Spain for his oext bicycle race.

forgnt to factor in was the time needed

for the ceremony — bouquet, kisses, handshakes, photographs — and the

drug test that accompany a victory.
"I won!" Armstrong said excitedly
by phone late Sunday. "It worked out.

His ebullience after the four-day Tour

of Luxembourg was understandable. The 26-year-old Texan has won some

big bicycle races before, including the

Oh, it feels great."

He missed the plane, though. What he

walk to Scott Spiezio in the 10th, and Ben Grieve followed with a single. Matt Stairs then flied out to right, advancing Spiczio to third

Mike Blowers grounded sharply to third, and Davis bobbled the ball and had no play on Spiezio at home.

Red Sox 3, Devil Rays 2 Troy O'Leary cootinued his recent surge, grounding a one-out single down the first-hase line to score the winning run in the 10th inning and give Boston victory over Tampa Bay. It was O'Leary's sixth consecutive two-hit game.

Rangers 4, Angels 2 Rick Helling pitched eight strong innings and Mike Simms homered and drove in three runs as host Texas stopped its three-game losing streak.

refers to as his prior career. That was the

one before he was diagnosed with testic-

ular cancer in the fall of 1996 and had to

undergo I2 weeks of chemotherapy and

The result in Luxembourg, including a victory in the opening daily stage, was his first triumph in top-level competition in nearly two years. "It means something, it does, it does," he said.

Against broad expectations, Arm-

strong returned to competition for his new team, U.S. Postal Service, in Feb-

ruary and finished a fine 15th in his first

race, the Rnta del Sol in Spain. A month

later, before the start of the Paris-Nice

race, he explained his comeback.
"I'm not here for myself," he said.

"I'm not here for the sport, I'm not bere

to promote cycling in America. I'm here for the cancer community. Bottom line.

If it wasn't for them and the big question

then a year away from competition.

pitched seven effective innings and, despite getting little run support, led Minnesota over Chicago at the Metrodome. Blue Jays 7, Oriolos 4 Ed Sprague hit a

three-run homer and Roger Clemens struggled for his seventh victory as Toronto beat visiting Baltimore. Clemens (7-6) allowed four runs on six hits and five walks in 51/3 innings.

Randy Myers pitched the ninth for his 18th save. In the National League:

Cardinals 2, Diamondbacks 0 Royce

Clayton singled twice and scored after each hit and Mark Petkovsek pitched five strong innings and drove in a run for Padres 3, Giants 2 Quilvio Veras ended

a 500 at-bat homerless drought with a Twins 2, White Sox 1 LaTroy Hawkins solo shot in the sixth inning as San Diego

in Spain, but that happened in what he mark that was put on me and the doubt think I've worked nut a lot of things" in

that was put in me, I wouldn't have

come hack.
"I think there's a int to prove for a

person that's been sick, that's been treated, that's recovering. I'm trying to prove it can be done. It's never been

attempted in an endwance-intense sport

like cycling. Most people said it couldn't be done."

and the cancer community that I can be

competitive again? In a lot of ways, I've

already done that at the Rota del Sol. I

can almost stop now. I set out to do what I want to do and I was a lot closer to packing it in after Rnta del Sol than many

people think Just because J proved it."

Two days later, he did pack it in.

During a tiring chase in a rainy and cold

Paris-Nice, he dropped out and returned

almost immediately to his home in Austin, Texas. He gave nn explanation. "I

He added: "Have I proven to myself

Francisco its fourth consecutive loss. Rockies 3, Dodgers 2 Todd Helton hit a two-run single after a throwing error by reliever Scott Radinsky in the 12th

Marfins 5, Mots 4 Todd Zeile singled home the winning run with two outs in the bottom of the ninth as Florida, shut out for six innings by Hideo Nomo, rallied against New York's hullpen.

In games reported in late editions Monday: Phillies 4, Cubs 2 In Philadelphia, Carlton Loewer struck ont eight as he won in his first major league game.

Frank Selee as the winningest manager

the three months since, Armstrong said

ried and resumed racing in the United States with some creditable results.

"That doesn't really count," he said of the American races. "This is a com-

"I'm happier this time around. This

— this feels better than in February. Before Paris-Nice, I thought I could just leave at that point and I did end up

He was unable to rank his latest vic-

tory among the other milestones in his

career, be continued. "It's a different

satisfaction. I don't think I can compare

this to anything I did in my prior ca-

"It feels like a second career and the

leaving. I don't have that feeling now.

pletely different level.

Braves 5, Expos 1 Kevin Millwood pitched a four-hitter and Bobby Cox tied

any of them. In Post-Cancer Career, Armstrong Beats the Odds and Wins Race

engine feels like a second engine. My body feels different. But I have re-

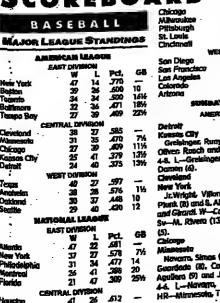
from Metz. During the spring he resumed training, helped organize a mass ride to benefit his cancer foundation, was mar-Armstrong will ride next in the Tour of Valencia, followed by a race in Germany before he returns to the United States on July 3. "I'm racing 19 days out of the 23 I'll be here." Although there will be no exhausting three-week Tour de France for him, he plans to come back to Europe for the one-day classics of August. feels more right or however I can say it

He would make no predictions about his results in the rest of his season. "I've won this race, but it's not as if I go to Spain and expect to win there." Sn there was no point in wishing him

well and hoping that the victory in Luxembourg was the first of many more? "I won't say I don't bope so too," he replied. "But if it's not, it's not. Today has been great, but I've got to take everything in stride. I just want to go one

day at a time."

SCOREBOARD



world championship, two stages of the Tour de France and a World Cup classic

GOLF

mbrz. (8). Hoffman (9) and C. Hernandez, Romero (5). W.—Ashby, 9-4. L.—Darwin, 6-4. St.—Hoffman (20).HR.—S. Diego, Q.Verus 11). Cabrade 961 860 664 862—3 9 0 Les Angeles 860 700 900 907—2 6 3 12 Israings

Astock, Veres 10). De Jesn (11). Dipolo (12). McElroy (12) and Motpwarings J. Reed (9); R.Martinez. D. Reyes (5), McMichael (7), Cauno (9). Rodirsky (12) and C. Johnson. W.—De Jeon, 2-0. L.—Rodinsky, 2-3. St.—McElroy (1). HR.—Coloroto. L. Wolker (9). Near York 811 920 910—4 12 8 Plorida 900 900 941—5 12 1 Namo. Cook (7). Rojas (8), Bohamon (8), Hudek (8) and A.Castillo; L.Hernandez, F. Heredia (9), Mantels (9) and Redmond, Zoun (9), W.—Mardel, 2-0. L.—Hudek, 0-4. HR.—Florida, Floyd (12).

Buick Classic on 6,722-yard (mater), par-71 Westchesser Country Club course in Harrison, N.Y. Tournement her been shortened to 54 holes due to rain (x-wort on

Tom Lehmon, U.S. Bruce Fleisher, U.S. Tom Byrum, U.S. Jeff Maggert, U.S. Bob Twoy, U.S. Kevin Sutherland, U.S.

WORLD RANKINGS

1. Tiger Woods, U.S., 11.64 points average

2. Ernie Els. South Africa, 11.11

3. Davis Love 3d. U.S., 10.25 4. Greg Norman, Australia, 9.49 5. Colin Montgomerie, Britain, 9.18 6. Dayld Duval, U.S., 9.10 7. Justin Leonard, U.S., B.33 B. Fred Couples, U.S., 7.81 9. Mark O'Megra, U.S., 7.67 11. Nick Price, Zim 13. Tom Lehman, U.S., 7.00 14. Masashi Ozald, Japan, 6.93 15. Jim Foryk, U.S., 6.36

FOOTBALL World Bowl '98

SOCCER MAJOR LEAGUE SOCCE

TENNIS

ATT RANKINGS 1. Pete Sunprus, U.S., 3,779 points 2. Morcelo Rios, Chile, 3,641 3. Potr Korde, Crech Republic, 3,299 4. Greg Rusedski, Britain, 3,037 5. Carles Maye, Spein, 2,970 6. Patrick Roffer, Australia, 2,715 7. Yangeny Kafeinikov, Russia, 2,701 8. Alex Corretto, Spain, 2,530 9. Jones Bjortman, Sweden, 2,480 v. Jones Sprinter, Sweeter, 2,25 10. Cedric Pioline, France, 2,335 11. Karol Kucera. Stovakia, 2,293 12. Richard Krajicsk, Netherland: 13. Felix Mantilla. Spain, 2,226

14. Michael Chang, U.S., 2081 WIA PANKINGS Morting Hingle, Switzerland, 6-1
 Lindsay Dovenport, U.S., 4,300 3. Jona Novotna, Czech R., 3.901 4. Aronbo Sonchez, Spain, 3,399 5. Manico Seles, U.S., 2,847 6. Venus Williams, U.S., 2,808

7. Conchito Martinez, Spain. 2,622 8. Amenda Cestzer, South Africa, 2,316 9. Irles Spirice, Romania, 2,187 10. Mary Pierce, France, 1,960 11. Amer Kournikova, Russia, 1,932 12. Party Schmider, Switzerland, 1,912 13. Sondrine Testad, France. 1.875 14. Dominique Van Roost, Beigium. 1,866 15. Nothalie Tasziat, France, 1,820 16. Anke Huber, Germany, 1,718 16. Anke Huber, Germany, 1,718

WIAMBELEOGY, SIMEDIAGOS

WIDNE: 1. Pete Sampras, U.S.; 2. Marcelo
Rios, Chiles 3. Petr Kords, Croch R.; 4. Greg

Russelsid, Britains 5. Carlos Moya, Spains 6.
Pet Raffes, Australia 7. Yergeny Kafelnikov,
Russia; 8. Cedric Piolina, France; 9. Richard

Krojicek, Netherlands); 10. Alex, Corretja,
Spain: 11. Jones Bjorianars, Sweders 12. Tim

Hentman, Britain: 13. Andre Agussi, U.S.; 14.
Germ Armichalc, Cromitia, 15. Kraul Krusses.

Gerun Wentseyl, Crotita: 15. Karol Kucera, Slovolda: 16. Felix Mantilla, Spain, WOMER: 1. Martina Hingis, Switzerland: Czech R.: 4. Stoffi Grat, Germany, S. Aranbo Sanchez Vicario, Spoin; 6. Monica Seles, U.S.; 7. Venus Williams, U.S.; B. Conchilla Marlinez,

2. Lindsay Dovenport, U.S.: 2. Jane Novelno Spaint 9. Amanda Costzer, South Africa: 10. Irina Spirica: Romania: 11. Mary Pierce, France: 12. Anna Kournikova, Rossia: 13. Party Schnyder, Switzerland: 14, Sandrine Testud, France: 15. Dominique Van Roost. Belgium: 16. Natatle Tauzict, France. Players watching a shot by Alan Shearer, second from right, hit the net to give England the lead against Tunisia.

penalty box, Graeme Le Saux curled the

ball to the Newcastle striker, who

flashed a beader past El Ouaer and off

the left post in the 42d minute.

In the second half, play was largely bogged down in the midfield. But in the

ENGLAND 2, TUNISIA O

89th minute, Paul Ince found Scholes,

who curled a 25-meter (82-foot) shot

England would have won by several

Dray said thousands of bystanders,

including elderly people and parents with

young children, were forced to flee.
"A group of English fans charged

toward the stands, and there was general

Riot police arrived several minutes

later and fired tear-gas canisters into the

crowd, and as the match at Stade-Ve-

lodrome continued, the acrid smell of

the gas sooo drifted into the upper

reaches of the stadium. The prefecture's

spokesperson said 18 people were

treated at local hospitals because of in-

juries suffered during the rioting at the

competing in European Cup competi-

tion in May 1985 after 39 people died

and more than 400 were injured wheo a

wall collapsed at Heysel Stadium in

Brussels after rioting by English fans

caused panic. The ban was then lifted

most serious involving English fans since 1993 when they clashed with

Dutch supporters before a World Cup

Blair of Britain responded to the in-

lems for the Colombian defense. The

South American team offered little in

midfield play and was disjointed in at-

through as early as the 11th minute,

ROMANIA T, COLOMBIA O

wben Moldovan threw himself at a de-

Four minutes later, Mondragon was

Romania came close to breaking

tack until the final 10 minutes.

cidents in the old port by terming the

Oo Monday, Prime Minister Tony

qualifying match in Rotterdam.

The incidents in Marseille are the

before the 1990-91 season.

goals had El Ouaer not made two one-

SOCCER: English and Tunisian Fans Turn Violent in Marseille

just inside the right post.

panic," Dray said.

Prado beach.

bearer scored on the fourth.

From a free kick to the right of the strike. First, be palmed Teddy Sher-

Shearer and Scholes Doom Tunisians

World Cup Briefs

Tokyo Tunes In

Even though Japan lost its World Cup debut, the match proved pop-ular back bome. Nearly two-thirds of households in Tokyo and its sur-rounding areas watched Sunday's World Cup soccer match between Japan and Argentina, a TV ratings

company said Monday.
Video Research said coverage of Japan's World Cup debut was watched in 60.5 percent of bouseholds in the Kanto regioo, for a total of 9,014,500.

That figure was the sixth-highest rating in the capital region since Video Research began compiling statistics in 1962.

The highest rated sports broadcast ever was the women's vol-leyball final at the 1964 Tokyo Olympics between Japan and the Soviet Union, which drew 66.8 per-cent. Japan won that match to take the gold medal.

Zubizarreta Has a Fan

Javier Clemente, the Spanish coach, said Monday that Andoni Zubizarreta, the goalkeeper and captain, would retain his World Cup place against Paragnay.

Zubizarreta was widely blamed in Spain for two of Nigeria's goals in the Africans' 3-2 victory over Spain oo Saturday in a match in

"Zubi is secure," Clemete told Spanish sports daily Marca. That means Zubizarreta, 36, is likely to win his 125th cap on Friday against Paraguay, a game Spain must win to retain a good chance of qualifying for the second round.

Clemente said Zubizarreta was not being blamed by the rest of the squad for the defeat, (Reuters)

Asia Draws a Blank

M:

Yugoslavia's victory over Iran on Sunday mean's all four Asian teams — Iran, Saudi Arabia, Japan and South Korea — lost their open-

Four of South America's representatives at the finals remain unbearen after their first matches. Argentina and Brazil won. Chile and Paraguay drew, while Colombia (Reuters)

Batistuta Extends Streak

Gabriel Batistuta, the Argentine striker who scored in his country's last three warm-up matches, contimued the sequence with the only goal of the match against Japan and has scored six goals for Argentina io their last four games. (Reuters)

Soccer Popular in Israel

Demand for the Viagra anti-impotency drug is dropping in Israel because of the World Cup, an Israeli doctor said Monday.

"The number of men asking me for a prescription has fallen by 40 percent since the World Cup started," said Dr. Alexander Oshanyesky, who beads a clinic treating vascular problems.

A Holiday in Tunisia

The Tunisian government gave its civil servants the afternoon off Monday to watch their country play England in the World Cop. presidential decision gives

civil servants two paid afternoons off during the World Cup. The oth-er is for the Colombia-Tunisia match oext week.



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CO CROWN CONTROL OF THE CONTROL OF



down the left side of the field, outflected cross from Ilie. But be failed to make contact and the ball flashed across

running a defender as he cut into the

MARSEILLE - Alan Shearer

scored late in the first half and Paul

Scholes tallied late in the second to give

England a 2-0 victory over Tunisia on

Monday, a game that took place in

peaceful sunshine even as fans from the

two countries fought with police and

oearly all of its quality shots on goal

came in the final 15 minutes of the first

half. Cbokri El Ouaer, the Tunisian

goalkeeper, stopped the first three, but

Continued from Page 1

According to the police, ten English

Three hours later, there would be

more arrests, altercations and injuries at

the Prado beach approximately one mile

from the stadium, where thousands of

fans were watching the match on a gi-

ant-screen television. According to wit-oesses, the trouble at the beach began

shortly after Alan Shearer's goal gave

England a 1-0 lead in the 43d minute of

the match that England would end up

sitting in the temporary stands. "Before

the march, there were English and

Tunisian fans playing soccer together

on the grass. When the game started, the

Tunisian fans went into the stands and

the English stayed on the grass. Bot after

Sbearer scored, some of the English fans

turned around and started taunting the

Smet, someone threw a bottle in the

direction of the English fans, who

quickly retaliated. The opposing fans

were sooo throwing bottles, cans, rocks

LYON - An outstanding goal by

Adrian Ilie in the 45th minute gave Ro-

mania a 1-0 victory over Colombia in a World Cup Group G match Monday.

The Romanians looked sharp throughout the game, and their slick passing was reminiscent of their sparkling displays at the 1994 Cup in the United States. Ilie's goal crowned an

Seconds before halftime, Ilie sprinted

excellent individual effort.

and plastic seats at each other,

According to Dray and a friend, Hilde

Tunisian supporters.'

"Until then, it was calm," said

England dominated the game, bot

each other outside the stadium.

Shearer scored oo the fourth.

people were arrested.

Colombian zone. He then struck the ball the goalmouth. with the outside of his right foot, lifting it over the advancing Colombian goalforced into a fine double-save. He keeper, Farid Mondragon. fought off a fierce drive from Ilie and

then saved a rebound from Moldovan as The battle between the two veteran No. 10s — the Romanian playmaker Gheorghe Hagi and Colombia's Carlos Valderrama — was clearly won by Hagi, who seemed to be in the middle of

every play, spraying the ball from one wing to another. Valderrama, for his part, was quiet for most of the game. But he burst to life

in the final minutes. Bogdan Stelea, the Romania goal-keeper, did not face a shot until the 38th

Ilie Powers Romania Over Colombia Ilie's partnership in attack with Viorel Moldovan caused plenty of prob-

straight at him.

ingham's 27-meter voiley over the bar

in the 36th minute. He theo saved again

two minutes later when Scholes, un-

marked in front of the goal, bounced his

right from the kickoff, passing the hall

around midfield as if trying to run out

the clock. Occasionally, there would be

a long pass upfield to either Adel Sel-limi or Ben Slimane, but England's de-

fense prevented any real scoring

"It was a real battle, but the English were more effective," said Henri Kas-

perczak, the Tunisian coach. (AP. AFP)

behavior of the English fans "a total

disgrace."
Gareth Davies, a 30-year-old from

oo the weekend and making maybem.

A FIFA spokesman, Keith Cooper,

said the schedule had been drawn up

been modified. He also said there were

oo plans to ban England from this World

Pierre Chevenement, said extra security

measures would be taken for England's

next two games in Group G: Mooday,

June 22, in Toulouse against Romania,

and Saturday, June 26, in Lens against

Some Toulouse residents were pre-

paring for the worst. "I won't be work-

ing that night," said a taxi driver, Jean-

Paul Garcia, in Toulouse on Monday. "I don't want my car to be damaged."

The French interior minister, Jean-

Tunisia played a conservative game

beader almost straight at him.

Colombia was mostly restricted to loog-range efforts, the best of those coming on the hour when Freddy Rincon's blistering 25-meter (82-foot) shot flew just past the post.

The Colombians finally found some urgency in the final minutes when Ad-olfo Valencia, a bustling center forward, came on as a second-half substitute. The 30-year-old striker quickly put an end to the relatively easy night Stelea was having. In a 10-minute span, he forced two solid saves from the Romanian goal-

First, in the 61st minute, he dashed past two Romanians and slipped the ball to Rincon, whose shot beat Stelea but

Then, with time running out, Faustino Asprilla swept the ball to Valencia, who timed his sbot poorly, allowing Stelea to gather himself.

Nine minutes from time, however, Valencia forced Stelea to dive to his right and palm away a blistering shot. The team went onto the pitch very timidly, there was no spontaneity," said Hernan Gomez, the Colombian coach. 'A lot of the players were nervous.'

England's Hooligans: I Loyalty at What Price? Root of Problem May Be Tolerance at Home

> By Rob Hughes ional Herald Tribune

MARSEILLE - After three nights and a day scarred by les hooligans anglais, you might say that England beat them on the beaches, in the boulevards and oo the field.

As sirens wail and citizens are hurt by the unacceptable recurrence of the Englisb disease, England's soccer team gave a hard, disciplined and effective performance to defeat Tunisia, 2-0, under relentless sunshine at the Stade Ve-

VANTAGE POINT

lodrome. The question is not about the English ability to win difficult matches, but about whether, with its appalling record of exporting violence, it can keep from being banned from the ball.

I am English, and therefore cannot be accused of bias against that nation, with its proud history of sending out the mis-sionaries of soccer. I wish there were some way to separate the accomplishment of the current team from the spe-cimens who follow it like vermin follow

Ordinarily, the match report would eflect a victory achieved by the bead of England's captain, Alan Shearer, who scored an easy goal in the first half, and the right boot of Paul Scholes, who struck a spectacular second goal in the dying moments oo Monday.

Alas, there are other things that impinge on the sporting merit. England's might was hard-beaded. The team is physical and aggressive, as Adel Sellimi, the Tunisian forward, will testify. When be clashed beads with England's defensive rock, Tony Adams, there was no blood spilled by the Englishman bot plenty by the relatively diminutive African, who finished the first half with his head swathed in a bandage. He was stitched during the intermission and then retired, wounded.

There was blood ootside the stadium too, much of it in the Old Port and on Prado beach, where the town held a party on the eve of the match to try to offer bospitality to its guests.

Surrey who attended the match in Mar-England's boards, dismissed once seille wearing an English jersey said: "I'm ashamed to wear the shirt." again by the British government as a "mindless minority" and "a few cret-ins" bit the hands that offered food in a Proust said 16 shops and restaurants in the old port were damaged during the most bestial way. Not just a few of them; incidents on Sunday night. The Marseille but bundreds at the party and thousands police chief, Michel Sappin, said an error in the stadium where the anthem of had been made by scheduling England's opening game on a Monday because it another country, Tunisia, was abused by a massed chorus of loutish, intolerant so-called followers of a game. allowed fans the possibility of arriving

What is it with the English? I'm one of them, but I'm ashamed, and I'm lost for reason other than that a country abandoned its sense of right and

I will give you a first-hand impres-sion of the sacking of Marseille. It happened on Sunday night when, walking with two French comrades near the port, I was suddenly thrown to the ground by one of them. I realized immediately that he was trying to protect me. Overhead whistled the sound of guns, and then tear gas began seeping into our eyes.

The police were reacting to a breakout of violeoce around the comer where a posse of English youths, dogs of war

as they see themselves, were burning a... Tunisian flag, throwing chairs at ... passing cars, smashing windows and-, frightening a teenage girl.
One youth especially made me cry

inwardly for my country. "- scum!" he bawled out, "- scum!"

He had only two words, this product of someone's love and presumably-someone's upbringing. His face was:
controlled with hate, his firsts flailing. toward nobody in particular. I couldn't get near enough to smell his breath to see if drink was the reason for his disorientation. He was, I gather, one of the citcketiess blaming the scum (the French) for not giving him a ticket. Licking out at the world for whatever. triggered his short fuse.

I could choose here to look up into the azure sky, stretch out under the warm, sun and pretend all's well in the world and tell you about the game. It wasn't and bad match. England's order and discipline, and sometimes its stirring ath,", leticism fully merited the victory. Stillag I'll be interested to see what happens when it comes up against faster, stur-y, dier, cleverer team than Tunisia. Voila, le match!

What iso't going to go away:00 bowever, is the mayhem outside the stadium where England fans are slapan ping in the teeth bosts whose only crime is that their country was chosen to pot on.;

this World Cup.

The other day in Nimes, where kin alighted at the train station, I was a! stopped by a woman who, seeing a stranger struggle with three cases. ordered that I let her carry one. She went: out of her way to walk with me to my destination and departed with the words. "It's for friendship, only for friends ship." So, Madame, is a World Cup. as Readers of this column will be aware

that, through successive British gov.", emments. I have grown tired of askingure for a suspension of the "inalienabless" rights" of Britons to travel abroad. If the likelihood is that they are going to ran-i sack places, terrorize, maim, even kill, r. then the inalienable right is of the innocent victims. They should be pro-

Since the British authorities do so. little to stop the problem leaving their sbores, I would defend the rights of, in ** this case, the French police to make at short work of rounding up the hooligans. and locking them up.

I know all the arguments about Eng-

land giving so much to the game. Lan appreciate the feeling that we cannot " give in to the mob, nor should we deprive millions of their pleasure because of the crass actions of the few.

But if there are rabid animals, you em from the pack. That happening, in part because Englanding fails in its duty to spot them and stopraid them, in part because of voices who we defend the indefensible and attack foreign law officers for beating so-called: innocents abroad.

They are all innocent in the callow-... Mellor mind, provided they are English. % Virgil wrote before the birth of Christ, w that Britons are "completely isolated from the whole world." I'm sorry, France. I'm sorry.

Rob Hughes is the sports correspon: dent of The Times of London



(AP, AFP) Gheorghe Hagi of Romania, left, battling Colombia's Carlos Valderra



LIVE - Scotland v Norway 17.30 (CET)

Brazil v Morocco 21.00 (CET)

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TUESDAY, JUNE 16, 1998

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2.2.2.0

Perfection At Stake as **Brazil Meets** Morocco

stes, 9:00 P.M. Brazil will become the first team to claim a place in the World Cup's second round if it can maintain its perfect record against African opposition on

With a victory over Morocco, Brazil would advance with a game to spare

MATCHES ON TUESDAY after its 2-1 victory over Scotland last

week. Morocco played to a 2-2 draw with Norway. Although Brazil has won all 12 in ternationals it has played against African teams, Morocco raised cyebrows

with a vibrant display against Norway. Mario Zagallo, the Brazil coach, said Morocco was "the best team I have seen here so far." Morocco's coach, Henri Michel, is a former French international who spent his entire playing career with the Nantes club. He was the coach of the French

team that knocked Brazil out of the

World Cup on penalties in the 1986 quarterfinals. He was also in charge when France beat Brazil in the 1984 Olympics, a day when Dunga, Brazil's current captain, was playing as a 20-year-old. But as coach of Cameroon in the last World Cup, he lost, 3-0, to Brazil in a first-

round match. Zagalio will probably replace his stylish midfielder, Giovanni, who was benched at halftime against Scotland after a disappointing performance, with

Zagallo's chief concern will be Morocco's Mustapha Hadji, who scored his second spectacular international goal this year against Norway last Wednesday. In February, Hadji had the only goal when Morocco beat Egypt, 1-0, in an African Nations' Cup game.

Hadji will again play using pain-killers, because of a broken toe. "I'm still in pain and I've still got to avoid hitting the ball too hard," he said. "When I play, I have to have an injection to kill the pain, but it only lasts

Norreddine Naybet of Deportivo Cowhen of the world runa is likely to be given the job of - _ _ _ guarding Ronaldo, Brazil's star striker.

Ten Testing of sanctions . Scotland vs. Norway, Bordeaux, 5:30 The Scots have qualified for eight World Cops and never made it past the initial stage. Norway also failed to advance in its only previous appearance in

Both teams emphasize organization and hard work. In their first matches last Norway was disappointing, and fortuinterests in an nate, in salvaging a draw with Morocco.

'This one can help us to make history

This one can help us to make history and belp us to qualify, so this is important, said Craig Brown, the Scotland manager. "Equally important for Norway, I'd suggest."

Egil Olsen, the Norway coach, said his team would stick to its disciplined style of play. "In some aspects

style of play. 'In some aspects, maybe we are the most predictable team here,' he said. 'You'll see some direct Norwegian football, for sure." Nineteen players from the two squads play in the English Premier League.





Andy Moeller heading in Germany's first goal in its Group F victory against the United States on Monday night.

Klinsmann Leads Germany Past U.S.

The Associated Press

PARIS - Juergen Klinsmann continued his first-round scoring prowess Monday night in Germany's 2-0 World Cup victory over the United States.

Klinsmann, who scored four times in Germany's three opening-round games in the United States four years ago, and twice in 1990 first-round matches, was fast off the mark again at the Parc des Princes, scoring in the 65th minute after Andy Moeller's ninth-minute header had given the Germans an early lead.

The Americans, playing their third World Cup in a row, were dominated by the three-time World Cup champions, who were rarely threatened.

The American goalkeeper, Kasey

Keller, came into the World Cup after

Bierhoff should have added a second in the 22d minute wheo he controlled a

four shutouts in preliminary matches, but that streak ended early. The Germans almost went ahead in

the fourth minute when Oliver Bierhoff climbed to meet a right-wing corner with a powerful header, but the ball was GERMANY 2, UNITED STATES O

blocked just short of the line by Claudio

But Germany hit the target in the ninth when Olaf Thon swung over a corner from the left, Klinsmann got above two American defenders to head the ball into the goalmouth and Moeller

headed home off the right-hand post.

World Cup Results, Goal Scorers and Group Standings

cross from the right, despite the attention of Eddie Pope, who was grabbing his shirt. But the striker, newty acquired by AC Milan, shot wide of the goal from no more than six meters (20

The Americans did little to worry the German goalkeeper, Andreas Koepke. but Chad Deering unleashed a well-struck shot from 25 meters in the 30th minute that the Olympique Marseille goalkeeper held confidently.

The Americans sent on Frankie Hejduk for Burns in the second half. After Hejduk received a yellow card for a foul, he almost leveled in the 53d minute with a close-range beader from a David Regis cross. Koepke reacted well to

Jamaica Doesn't Let Defeat Spoil the Party

New Countries Add Zest to the Old Game

By William Gildea

حكدًا من الأحل

ENS, France — Jamaicans played soccer inside the Paris train station, awaiting their train north to follow their "Reggae Boyz," who were to play Croatia in the World Cup debut for both countries. Croatia won the match, 3-I, but the score seemed beyond the point. The World Cap is not only about the games, but about the often-breathtaking settings in which they are contested and, more than anything, people joined together from all over the globe. Those of assorted nationalities gathered to cheer the Jamaicans in their impromptu game in the cavernous station, the Gare du Nord.

An Englishman pulling a suitcase accidentally walked into the middle of the

CROATIA 3, JAMAICA 1

game, suddenly saw the ball coming his way, headed it to a Jamaican and bowed to the applause. Two Croatians happily joined in the ovation. "We are going to win the World Cup this year," said a Jamaican wearing a yellow "Reggae Boyz' T-shirt, settling into his seat on the train. He laughed at the impossibility, as did others. Jamaica's fans and team simply are out for a good time, blending a unique combination of samba, injected by a Brazilian coach, and reggae. As good a place as any to be was crowded with the Jamaicans on their soul train.

Jamaica, the World Cup finals' smallest country, was going to play Sunday in the smallest host town in World Cup history. The "Reggae Boyz" would be bringing cheer to a once-thriving coal mining area hit by unemployment. Lens, like Saint-Etienne near Lyon, was chosen among France's 10 Cup venues because, although its population is only 35,280, it is a soccer hotbed. It is home to the Racing Club de Lens, a force in French football and one of the country's best-supported teams.

Its Stade Felix-Bollaert, situated in a leafy park just a short walk from the tiny train station, holds 40,000, so well-supported is the town team founded in 1906 by coal miners and for years operated by the town coal company. At midafter-noon, Jamaicans and Croatians swarmed through the narrow streets, singing their way to the stadium as traffic stood still in single file for blocks, everyone patiently sitting in their cars letting the visitors pass and taking in the world that remarkably had come to them.

Reac Simoes, Jamaica's Brazilian coach, recently has urged his players and fans to be happy and oot couot too heavily on victory. They will my to win, of course. "We will take each match as it comes and with our big hearts we could win, and what more can we ask?" Simoes added, "I tell the players they should enjoy the game. They should think of it as going to a party. And at the party, the ball is their girlfriend. So you do not allow the other guy to take your girlfriend and dance with her. You must keep her."

When the World Cup finals were expanded for France from 24 teams to 32, more countries could come without diluting the product - often the result when a U.S. sports league expands. The new teams — Jamaica, Croatia, Japan and South Africa — were not formed, like baseball's Tampa Bay Devil Rays

WHAT?

and Arizona Diamondbacks, from expendable players from existing teams. Soccer's new diversity adds to the celebration in the first round, and the Nigerians have people talking excitedly about bow far they might advance this year as the 'Indomitable Lions' of Cameroon did in 1990. New countries are bringing fresh approaches to an old

Croatia, though, is not a neophyte although it joined FIFA in 1992. Soccer's roots grow deep in the country. whose players compete with top clubs in Europe. The striker Davor Suker, of Real Madrid, is one of the better players in the tournament. Zvonimir Boban, the captain, plays with AC Milan. Two other starters represented Yugoslavia in the 1990 World Cup. So Croaua can go some distance.

Sunday evening was as different from Saturday's game at the huge Stade de France in Saint-Denis as Lens is different from Paris. On Saturday, the Belgians and Netherlands renewed a rivalry that has been going on since 1905. Sunday's game, by contrast, was as fresh as the air, Jamaica and Croatta embracing for the first time, in an English-style arena with covered stands close to the field. Simoes brought with him several British-based players, including Deon Burton, 21, who scored in each of four qualifying matches to become Ja-maica's "Sports Personality of the Year." Cricket always has been important in Jamaica, but now the country is known internationally for, in addition to tourism and Bob Marley, its World

S a 9 P.M. rainbow glowed above the town's rooftops, alternating roars of opposing fans began - the noise walled in by the steep stands. It felt like England, Midfielder Mario Stanic put Croatia ahead as he followed a crossbar hit by defender Igor Stimac - the action coming in the 27th minute against a backdrop of constant drumming and cheering from the thousands of yellow-shirted Reggae Boyz rooters.

In the half's last minute, the Boyz retaliated. Robbie Earle, 33, who almost made England's national team a couple of years ago, beaded the ball borne. The cheering erupted to another level - and it kept up for the entire intermission. Horns and drums, dancing, singing — no one sat down. It was as loud a demonstration as

any at the last three World Cups. Eight minutes into the second half, Robert Prosinecki, who scored a goal for Yugoslavia in the 1990 World Cup. delivered Croatia's game-winner on a free kick, a left footer from the left side that caught the net despite a bad angle.

In the 69th minute, Suker put away a crossing pass to make it 3-1. Form held. But so did Jamaica's spirits. The beat went on to the end. And after the defeat. Simoes said, "I am quite satisfied."

■ One Player, Two Countries

Like Prosinceki, Robert Jami also played for Yugoslavia in the 1990 finals. Renters reported. Seven players have appeared for two different countries in World Cup finals. The others are: Luis Monti (Argentina 1930 and Italy 1934), Atilio Demaria (Argentina 1930 and Italy 1934), Jose Santamaria (Uruguay 1954 and Spain 1962), Ferenc Puskas (Hungary 1954 and Spain 1962), Jose Altafini (Brazil 1958 and Italy 1962).

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PEANUTS

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OH, GREAT...JUST WHO I

BEETLE BAILEY

YOU LOOK HAPPY

TODAY, BEETLE

BLONDIE

MY WIFE'S CATERING BUSINESS MADE US A TWO-INCOME FAMILY

and the contraction of the contr



I ALWAYS FEEL "UP" WHEN I COME OUT OF

MY SUPPORT GROUP

IN TODAY'S WORLD

IF YOU MUST KNOW, I'M HAVING



KI THOUGHT

WHAT'S YOUR

GROUP CALLED

"SARGE

ANONYMOUS!

THAT'S WHY IVE BOT MY WIFE HOLDING DOWN TWO JOBS

via - Sipisa Albattovic 73.







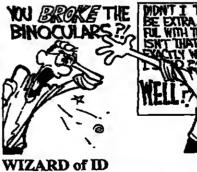


JUNE 14, IN LENS

Three points for a victory, one for a tie. First two in a

the same number of points the following tieb

used: 1. goal difference; 2. number of goals so; result of match between the two; 4. drawing lots.



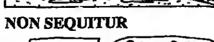
CALVIN AND HOBBES







A TERRIBLE











ART BUCHWALD

Keep Our Mouths Shut

Ken Starr doesn't scare the this is the first time the quesheck out of me.

The latest fright came up, except possibly for when I read that he had gone Murder Incorporated, Do you to the Supreme Court to demand access to the notes Vincent Foster's lawyer, James Hamilton, had made when

talking confidentially to his client. Starr con-

tended that the lawver-client privilege does not hold up when the client is dead

As soon as I Buchwald read the story I went to see my lawyer, Robert Brownley.

"Can we talk in confi-dence?" I asked him. "I'm not too sure. Soppose you die and Starr demands to know what we talked about?"

> "He wouldn't do that." 'Starr will do anything he

Queen Mother Beats A Royal Age Record

Agence France-Presse LONDON — Queen Eliza-beth the Queen Mother beat a record for British royals Sunday when she reached the age of 97 years and 314 days. The mother of the queen

will be 98 on Aug. 4. She overtook Princess Alice, countess of Athlone, who died in January 1981 at the age of 97 and 313 days. Despite two hip operations

in two years and some difficulty in walking, the Queen Mother continoes to fulfill her you. engagements, topping every British opinion poll as the \$450 for the best part of an most popular of the royals.

WASHINGTON — A has to to get a conviction," day doesn't go by that the lawyer said. "Frankly, tion of dead clients has come know sign language?'

"Why? "Let's resort to sign language. That way when the special prosecutor wants to know what we said to each other I can honestly say, 'Nothing.'"

"If Starr wins, does this mean when someone dies conversations he had with his lawyer will wind up in front of a grand jury?"

"Something like that. When Starr is on a rampage there is no telling where he will go. As your lawyer I can uo longer guarantee that this conversation will be off the record. I can't even guarantee it won't appear in the Natiooal Enquirer. Then what should I

"Don't say anything," he said. "Keep your thoughts to yourself. Pretend that Linda Tripp is bugging you with a tape recorder. That's the best advice I can give you until the Supreme Court decides if Starr slipped on a banana

"It makes sense," I said.
"At the same time I do need your belp on a small matter that may or may not get me in trouble with the IRS."

"Stop, I don't want to hear any more. If you are admit-ting you did something wrong, this could be the end of my career as a lawyer.' I'm sorry I bothered

"No problem. That will be

A Slow and Creative Transformation in Beijing

By Steven Mufson Vashington Post Service

BEIJING—"Five, four, three," Ying Da says in Chinese as the actors on the set of his latest television show get into character. "Yubei, kaishi," he bellows. Ready, begin.

In moments he jumps up to interrupt the scene. He changes the position of one of the characters. He imitatés a jealous, middleaged woman to show an actress how he wants her to play her part. Then he's ready to begin again.

The filming of the coming series about a fictional Beijing psychiatric clinic and the bang-ups of modern Chinese is just the latest episode in the life of actor, director and producer Ying Da. 38, the maker of China's first situation comedy and the owner of China's first independent television production studio. His television career shows how culture in

China in the 1990s is being transformed from propaganda to entertainment, from mass mo-bilization to commercialization. The stiff poses of heroic revolutionary operas of Ying's youth have given way to experimental sculptures, movies, novels and TV programs that try to make people laugh and

cry, maybe even think.

Already a well-known actor by the early 1990s, Ying made Chinese television history by directing a 1993 sitcom called "I Love My Family," a sort of "All in the Family" featuring a stodgy, old-fashioned Communist cadre, or official, as the Archie Bunkerlike character struggling comically to adapt to the rapid changes and younger generation around him.

Offensive to propaganda department officials who identified with the cadre, "ILove My Family" was kept off Beijing stations but flourished on provincial cable stations. Last year, it was finally broadcast on Beijing television and garnered high ratings.

Communist China's history has already

taken place once as tragedy, but are Chinese audiences ready for it to be repeated as farce? "A lot of people don't take this seriously." said Ying, whose parents were leading players in the Beijing People's Arts Theater. "They eveo say it's lowbrow. Bot that's what theater is aboot. It's not just for the elegant people. In this country, Shakespeare is for the well-educated. But Shakespeare wrote for everybody."

And so while his more famous contemporaries, the directors Zhang Yimon and Chen



Ying Da, center, the maker of China's first situation comedy, on the set.

Kaige, have been making tortured and serious called "In the Heat of the Sun" that portrays films applauded at international film festivals. Ying has been trying something equally dif-ficult: making Chinese people laugh at and think about the problems of Chinese society.

Ying Da is the best sitcom producer in said Willie Brent, the editor in Shanghai of a oewsletter called China Entertainment Network. "He has blazed a trail

CHINA The Next Generation SECONO IN A SERIES

for producing actual humor that's not just

slapstick but is more cerebral."
The Chinese used some things to laugh about," Brent added. "There have been precions few of those in the past 50 years. But Ying Da is also changing the way people think, really. Rather than hearing TV recount the amount of grain this or that province produced, he is producing shows that not only make you happy but make you think a little bit about families and situations in

- and part of it has been already. The director and actor Jiang Wen made a movie fight and survive. "For almost four years, I

a gang of mischievous youngsters abandoned during the Cultural Revolution when their parents are arrested or seut to the countryside. The movie was based on a real band youths that included Ying.

Nothing in Ying's background would have pointed toward such a wayward existence. His great-grandfather and grandfather were distinguished educators; his great-grandfather founded the renowned Furen University, a Catholic university that later moved to Taiwan. Ying literally grew up in the theater, watching his parents on-

stage. Foreign plays were often performed. Bot the start of the Great Proletarian Cultural Revolution in 1966 put an end to that. Under the leadership of Mao and his wife, the finstrated actress Jiang Qing, foreign plays were banned and theater groups were ordered to perform productions glorifying

the Chinese revolution. It was inevitable that Ying's father, Ying Ruocheng, would be arrested, though not until 1968. His mother was arrested at the same time. At 8, Ying Da drifted from rel-Ying's life could be the subject of a movie ative to relative for meals and fell in with a dangerous," he says, 'so I want to wait." gang of older kids who taught him to steal,

led a Huckleberry Finn life," said Ying. "That was a treasure.

He added: "That time really made meunderstand what life is, and it made me. strong. If I can go through that, there is no trouble or pressure that I cannot stand."

At the end of 1984 Ying went to work for four months at the Eugene O'Neill repertory theater in Connecticut. Then he attended the University of Missouri at Kansas City, where his father had directed two plays. That was followed by half a year working for the movie director Alan Pakula. He returned to China in 1988, well prepared and well connected. His father, who was in the 1987 Bernardo Bertolucci film "The Last Emperor," had become vice minister of culture.

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June 1

Ying Ruocheng wanted his son to play a role in joint film prodoctions between China and the West, but his plans were upset in 1989 by the student-led democracy protests. in Tiananmen Square that shook the regime. After the government ordered the army to break up the protests and hundreds of civilians were killed in the crackdown, foreign

companies stayed far away from China.

Ying Da was bitter. "I didn't like the government then, but on the other hand, I didn't like the students. They rushed too much and they didn't know what they were doing. If they hadn't done that, the whole government would have changed by evolution. But they wanted a revolution.'

He has produced and directed four sitcoms.

two with live audiences and two with laugh tracks. He prefers live audiences because it makes the sitcoms more true to the stage radition, though he believes that theater in China is dying, "If Shakespeare were alive now, he would write sitcoms," he said.

Of course, if Shakespeare were writing sitcoms in China, be wouldn't be able to simply do them as he liked without causing much ado from the propaganda department. He'd find quite a few subjects off-limits. Poking fun at teachers is taboo. Making light of the police is also frowned upon.

Nonetheless, Chinese television is more open than ever. With government subsidies down and advertising revenues up, the pro-paganda department has trouble overruling the persuasive power of the market, even

though it possesses final say.

But he aspires to take on bigger subjects.

"What I want to do could be politically

Next: Tian Suning, Internet rebel.

PEOPLE

RITISH composers want the national anthem "God Save the Queen" reworked before the millennium. Queen Elizabeth II's Master of the Queen's Music, Malcolm Williamson, and the composer Andrew Lloyd Webber are among those wanting its "dirge-like qualities" revamped. Williamson said such music should be reworked by every generation. "The vitality of state and social institutions depend upon perpetual renewal," he said. And Lloyd Webber, who is best known for the musicals "Phantom of the Opera" and "Cats," suggested that another British favorite, "Land of Hope and Glory," would make a

If Jessica Lange had to do it all over again, she wouldn't. "When you look at actors and actresses now, you're not seeing the thrilling talent. You are not seeing the work," Lange told the New York Daily News. "Back then, the business attracted integrity, it attracted artists, and I don't think it does anymore. I wouldn't start today." The two-time Academy Award winner, for "Tootsie" and "Blue Sky," said, "I know I've talked about stopping before, but I'm getting closer to it. I really don't want to have remorse or regret about what I missed in terms of daily life."

The private journals of Jack Kerouac, who named and personified the "Beat Generation," reveal a man who ro-

manticized American blacks and the cultures of rural Moutana and North Dakota and occasionally hated himself. Excerpts from the journals are being published in The New Yorker magazine. Kerouac kept more than 200 volumes of his personal musings from his teenage years until his death in 1969 at the age of 47 from alcohol-related causes, the magazine said. The published excerpts cover the period from 1948 to 1950, ending just days before his first book, "The Town and the City," was published. Kerouac's landmark

Wine Expo Opens in Hong Kong

Agence France-Presse

HONG KONG — The first international wine and spirits exhibition to open in Asia will begin here Tuesday with organizers confident of strong support despite the regional economic crisis.

The three-day event was organized by France's Vinexpo, the world's largest wine and spirits exhibition, which is held every two years in Bordeaux. About 704 exhibitors from 31 wine-producing countries are to attend the Hong Kong expo, the first time the group has held one outside Bor-deaux. 'This is a very big step and a very big challenge.'' said Robert Beynat, chief executive of Vinexpo.

Christie's auction house will hold its first Hong Kong auctioo of fine wines during the exhibition.

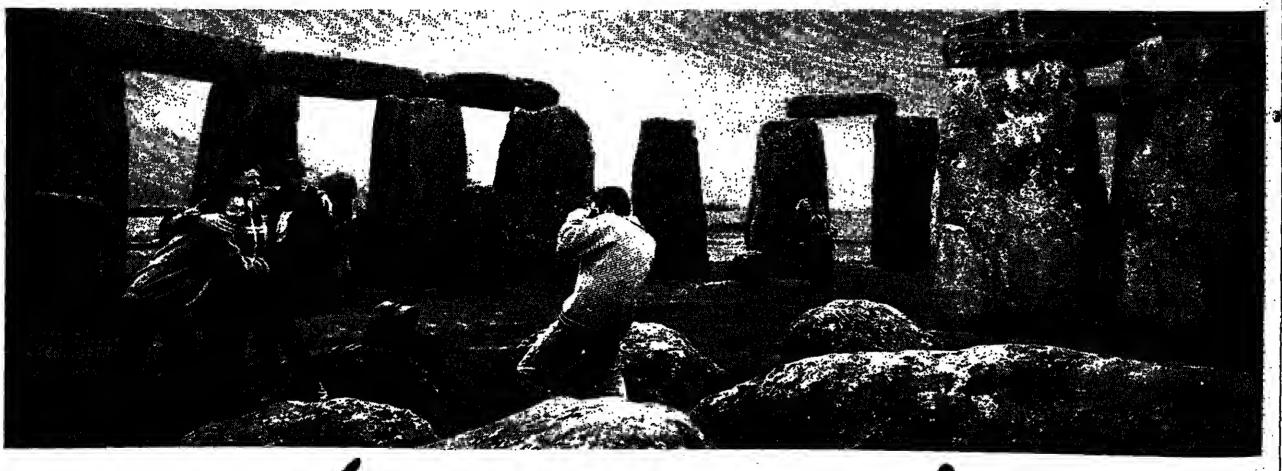
work, "On the Road," which was published in 1957, was first conceived during this period, according to the journal

The Nobel laureate Camilo Jose Cela, a novelist known for straight and sometimes earthy talk, has infuriated people in Spain with remarks about homosexuals. Spain is in the middle of hig celebrations marking the 100th anniversary of the hirth of the playwright Federico Garcia Lorca, who was executed by nationalist forces in 1936 at the start of the Spanish Civil War. He was homosexual. Cela, in a lecture in the town of Pontevedra, said he would have preferred commemorative festivities that were "more solid, less anecdotal and without the support of gay groups." Cela, 72, won the Nobel prize for literature in 1989.

A copy of the proofs of Charles Baudelaire's 19th-century anthology "Les Fleurs du Mal" is going up for auction this week in Paris. The 1857 proofs, heavily annotated by the French poet, belonged to Baudelaire's friend and publisher Auguste Poulet-Malassis, whose patience wore thin over the poet's endless corrections, symbolic of his untiring quest for stylistic purity. On the back of the proofs, Poulet-Malassis wrote; 'I am beginning to feel more and more, my dear Baudelaire, that you are taking advantage of me, which I in oo way deserve."



LIKE THIS — Milton Berle, left, helping Robin Williams sing at Radio City Music Hall during the eighth Comic Relief benefit for homeless people in America.



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